

# **Applied Business**

Advanced GCE A2 H426/H626

Advanced Subsidiary GCE AS H026/H226

## **Report on the Units**

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**June 2007**

**H026/H226/MS/R/07**

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This report on the Examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the syllabus content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the Examination.

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## **Chief Examiner's Report**

Reports by Principal Examiners and the Principal Moderator for the June 2007 series of the GCE Applied Business specification follow. It is important that these reports are considered carefully by Centres as candidates are prepared for future examination series.

Generally there are many examples of excellent practice within Centres which have prepared candidates for these examinations with due attention to the specification and the pre-released case studies, where appropriate. As ever, there are instances of candidates, where there are swathes of basic knowledge missing and/or the candidates do not appear to have much knowledge of the case study.

Some issues:

**Use of the context.** This continues to be an issue in both the examined and portfolio units. The examined units are written to make the context as user friendly and accessible as possible and, while this will vary from unit to unit and session to session, the contexts are generally within the sphere of reference for most of the time. On units F256 and F257, where the case study is not pre-issued, it is essential that candidates pick up on the context in the examination itself and **use it**. There are still far too many general answers which candidates struggle to get out of 'level one'. Those candidates who used the case studies and appendices (where applicable) as part of their argument and counter-argument were highly rewarded. Again, the choice of portfolio unit was an issue – particularly F254 where candidates could not get access to firms exporting – when candidates have little chance of getting the context because they have no access to the primary information. Centres must consider very carefully the firms, and indeed the units, which they decide to use. All of this meant that there were significant adjustments made to marks in the moderation process.

**Levels of response.** Many candidates/centres continue to tackle this issue and are demonstrating the skills of analysis and evaluation (in context of course). If candidates are not equipped with these skills then they are massively disadvantaged, particularly in the examined units where they are doing so under timed pressure. It is essential that candidates get as much practice as possible, using past papers, specimen papers or other, at writing analytically and evaluatively. Too many 'good' candidates (ie. they have the knowledge) are 'failing' because of this inadequacy.

**Answer the question.** It is examination practice as much as anything, but candidates need to ensure that they read the question very carefully and not put their own interpretation on it. Again, the comment made in January about F248's 'use of decision making tools' question bares out again.

**The specification.** Candidates must be taught the specification in full. There was clear evidence that various 'technical' aspects had been missed and clearly disadvantaged the candidates to the tune of 15-10% of the marks available. Such instances include the Partnership and Companies Acts and constructive dismissal on unit F256 and decision trees on unit F248.

**Changes to F248 – Strategic Decision Making.** After due consideration there will be some minor changes to the F248 examination from January 2008. There will be less emphasis on the 'evaluate strategic tools' type question (although there will still probably be one!) and more marks (20) directed at the 'which option' question. This is considered a fairer balance as candidates for the last two sessions have written vast amounts on the latter question and 20 marks would enable them to be better rewarded, while at the same time enabling OCR to discriminate more effectively between 'good' and 'outstanding' evaluative answers.

*Report on the Units taken in June 2007*

With a careful reading of the following reports from the Principal Examiners and the Principal Moderator, accordingly, any necessary action taken, candidates should be at least as well prepared as they are at the moment, but probably better.

To improve on the above issues it is vital that Centres use the following sources of help;

- Principal Moderator's report
- individual Centre reports on moderation
- INSET offered by OCR
- coursework consultancy service (OCR)
- eCommunity – OCR website
- AS exemplar CD – available from OCR publications
- teacher assignments for each unit – OCR website

## **F242 Understanding the Business Environment**

The overall standard of scripts was disappointing. Although there were some good solid answers to some questions, few candidates were able to sustain high quality over four questions. In addition, there was evidence of some candidates not being sufficiently prepared and, therefore, making errors on questions which were both straightforward and predictable.

It is a matter of regret that the stem to Question 1 contained an error, although the subsequent questions themselves were sound and free from error. Given the risk that such an error might have disadvantaged candidates, examiners were instructed to adopt a flexible approach to the marking of Questions 1(a), 1(b) and 1(c).

In relation to Question 1(a), disadvantages relating to public as well as private companies were accepted. In Question 1(b) and, therefore, Question 1(c) sources of finance appropriate to a sole trader and a private company were given credit by examiners. In practice, many of the sources of finance are relevant to both sole traders and to private companies. There was no evidence that candidates suffered any loss of marks as a result of the confusing stem and, in fact, many candidates scored a proportionately higher mark on Question 1 than they did on the other three questions.

1(a). This was a theory-based question which did not require reference to the case study or to the stem. Some candidates answered the question in the context of Starsailor and Board Stupid even though this was not necessary. Large numbers of candidates obtained six or more marks on this straightforward question, although some candidates sacrificed marks by merely stating, rather than describing, disadvantages. For instance, the ban on the public issue of shares was correctly stated as a disadvantage of being a private limited company but many candidates failed to follow through with any reference to difficulties this brought when raising finance. The concept of limited liability is well known but examiners still found vagueness in the definition and/or explanation of the concept. Moreover, limited liability was sometimes presented as a disadvantage of corporate status.

1(b) As expected, many candidates scored full marks on this part of the question. Any source of finance available to a sole trader or a private company was given credit. Some sources (eg trade credit or overdraft) might not have been appropriate for the acquisition of fixed assets, but were allowed in answer to Question 1(b) but it was expected that the appropriateness or otherwise of such sources of finance would be tackled in the follow up question. A minority of candidates offered a bank loan as an answer to Question 1(b) despite the clear instruction to the contrary in the question.

1(c) Some candidates offered advantages and disadvantages of each of the four sources of finance offered in Question 1(b) and then sought to identify the most appropriate source in the context. Other candidates focused on a single source and explained why they considered it appropriate. Each of the two strategies provided access to the full range of marks, although in relation to the second strategy it should be stressed that the words "most appropriate" imply an element of comparison. Some candidates chose a bank loan as the most appropriate source. Although bank loans were not a valid answer to Question 1(b) it was accepted that bank loans were "identified" in that part of the question – not by candidates but by examiners in the wording of the question. There was no requirement to write about bank loans but candidates were not penalised if they chose this as the most appropriate source. Candidates who focused on bank overdrafts were expected to mention that short term finance is not appropriate for the acquisition of fixed assets. Some candidates focussed on leasing and hire purchase, although there was some confusion between these two sources. One disappointment was the failure of candidates to explore the issue of sources of finance and the consequences for both the control of the business and its cash flow.

1(d) The concept of conflicts of interest between different stakeholders featured in a previous examination (Cheeky Monkeys) and so it was disappointing that answers to this part of the question were relatively poor. The question goes to the heart of the concept of stakeholders in a business. A stakeholder is anyone affected by and able to exert an influence on a business. The different stakeholders have different interests. Sometimes these interests are common but at other times they clash. The owner of a business is concerned about profits, growth and market share and these interests clash with its employees' interests in pay, conditions and job security and the community's interests in minimal disruption to society and the environment. Many candidates did report that the new machinery might lead to redundancies but there was little direct reference to a conflict between efficiency and profits on one side and job security on the other.

2(a) It is pleasing to note that many scripts contained concise and precise definitions of a budget (a financial plan), but equally there were many vague definitions (eg a limit to spending on a particular purpose).

2(b) It should be noted that the question referred to budgetary control and not to budgets. Unfortunately, many candidates answered the question in terms of why it is important for senior managers to produce a budget. In terms of budgetary control most candidates identified control over spending as a benefit but few wrote about responsibility, highlighting inefficiencies and management by exception.

This type of question, which requires candidates to state a benefit (or advantage or disadvantage) and to then explain it, is a feature of examinations in this unit. Candidates need to be able to identify the benefit precisely and then to explain it. Unfortunately, in many cases the statement of the benefit is excessive and becomes mixed up with the explanation. In these cases examiners do mark the answer as a whole and so the candidate is not penalised. There are other cases where it is felt that the explanation adds little to the stated benefit. In addition, in some scripts Benefit 2 was merely a repetition of Benefit 1.

2(c) Full marks were common for this part of the question, although some marks were lost by confusion between adverse and favourable. This is most likely to be the case with sales revenue. Unlike cost variances, sales show a favourable variance if the actual figure exceeds the budget figure. Candidates should always think in terms of "better than expected" and "worse than expected".

2(d) This part of the question was similar to questions asked in previous examinations for this unit. Clearly, success on this question depended upon a good understanding of variances from the previous part of the question. Too many candidates attributed variances to failures in the planning stages (ie "Bob was inexperienced and found it difficult to produce accurate figures"), rather than to unexpected changes in the external environment. Moreover, only a minority of candidates appreciated the inter-relationship between variances. A favourable variance on sales is likely to be accompanied by an adverse variance on costs. Some candidates realised the fact that the sum of the adverse variances exceed the sum of the positive variances. Unfortunately, they then concluded (incorrectly) that this proved Starsailor made a loss. One which candidates should develop is an understanding of the importance of variances in relative or percentage terms. This will prepare them to answer questions which require an assessment of variances. Candidates should appreciate that, for instance, a £20 variance on a budget of £800 is insignificant.

3(a) Most candidates successfully defined break even, and examiners were prepared to accept a range of equally valid definitions - the point at which the firm makes neither profit or loss, the point at which total sales equal total revenue or the point at which total contribution equals total fixed costs.

3(b) This was a very straightforward question and most candidates gained full marks.

3(c) Many candidates gained full marks on the break even calculation. Some candidates who failed to produce a correct answer picked up marks for a correct formula and/or the correct inputting of figures into the formula. This shows the importance of complying with the advice to “show your working”. There were other candidates who lacked basic knowledge of break even analysis and who, therefore, scored zero on what was a straightforward question.

3(d) This was the first occasion in which margin of safety appeared on the unit examination and this was clearly a concept neglected in preparation for the examination. Only a minority of candidates accurately defined margin of safety although some candidates provided an answer which showed some understanding of the concept and, therefore, did receive one mark.

3(e) A lack of knowledge of margin of safety was reflected in low marks on this part of the question. However, there were instances of candidates who had failed to define margin of safety satisfactorily in Question 3(d) but who nevertheless understood the concept sufficiently to produce a correct answer. The own figure rule was applied to this part of the question so that candidates who produced an incorrect answer to could still achieve full marks on part (e) provided they used their answer to part (c) correctly in part (e).

3 (f) It was expected that candidates would calculate profits by multiplying the margin of safety by the unit contribution. Regrettably this was absent from most scripts, although a sizable minority of candidates gained full marks by subtracting total costs from total revenue. As with the other quantitative questions, marks were awarded for showing correct working.

3(g) On this part of the question, candidates were required to evaluate the usefulness of an analytical tool in the context of the order placed by Board Stupid. Many candidates wrote descriptively about the usefulness of break even in terms of calculating the level of production and sales required to cover costs and produce a profit. Very few candidates took the answer any further. In particular, there was little reference to margin of safety and the value of break even analysis in terms of answering “what if” questions, eg the impact on break even of a change in costs or price. Similarly, relatively few candidates mentioned the limitations of break even analysis - ie it is based on the assumptions of a standardised product and linear relationships between quantity and costs and between quantity and total revenue. More importantly, break even analysis assumes that the product can always be sold and at the set price. Candidate marks were limited by their failure to appreciate these limitations of the analytical tool.

4(a) PEST analysis continues to pose problems for candidates. This reflects a fundamental failure to appreciate that PEST relates to factors external to the firm but which impact upon the firm. Many candidates offered factors which were internal to the firm (workers need to be trained to use the new machines) or factors which related more to the impact of Starsilor’s strategy (labour saving machines could lead to unemployment). PEST factors were also placed in the wrong box; for example, economic factors were listed under the social environment. It is accepted that in a limited number of cases some factors can be classified in one of two ways (eg tax changes are economic and political). However, these are exceptions.

4(b) This part of the question was frequently answered badly. The question concerned the economic and social impacts of the contract with Board Stupid. The impact could be on Bob, his business, his workers, his competitors, the environment and the community. However, examiners were looking for the impact of the agreement and not the factors in the environment which influenced the decision to accept the contract. It should be stressed that the question related to the agreement and was not confined to the issue of labour saving machinery. On a more positive note, it was pleasing to see some references to the cumulative impact of the agreement on the local economy (ie what economists refer to as the multiplier effect).

*Report on the Units taken in June 2007*

4(e) This was done well by the great majority of candidates, many of whom scored full marks. "Issues" identified included job losses, training, health and safety, pollution, raising the finance, quality and many others. On the question of the environmental impact of the new machinery it is probably the case that the machines will cause less rather than more pollution than the earlier machines – nevertheless, examiners gave credit for raising this as an issue. Comments made in relation to Question 2(b) apply equally to this question - namely, the explanation must add something to the statement of the issue identified.

## **F243 The Impact of Customer Service**

As with the January session, this question paper was set at the right level of difficulty and discriminated well between the weaker and stronger candidates. Time did not seem to be an issue, as the majority of scripts had every question answered. However, although most candidates coped with the basic level questions to an acceptable standard, there was still a tendency to write generically about customer service, with little application to the case study or the requirements of the particular question. Only the strongest candidates consistently answered in context and wrote evaluatively to obtain the higher level marks.

### **Comments on Individual Questions**

- 1 (a) Overall, this question was answered well, with the majority of candidates being able to describe reasons why effective customer service is important, although there was often an element of repetition.
- (b) Candidates' answers suggested that they either knew what internal/external customers were or they did not, hence most scored either full marks or none at all.
- (c) This part of the question required candidates to simply state four internal/external customers from the case study; if they did not do well in Question 1) (b) then they did not do well here either. Many responses were also too general, eg 'employees', 'workers', which were not specific to the case study.
- 2 (a) All too often, candidates gave benefits and drawbacks which could have been relevant to any method of market research, rather than informal chats initiated by the delivery drivers.
- (b) Most candidates were able to identify and describe three distinct methods of market research. However, many weaker candidates simply wrote 'questionnaire' or 'survey' without describing a specific method.
- (c) Many candidates here wrote about how important customer service is (either in or out of context), but only the stronger candidates discussed it in relation to the long term implications for Session Wetsuits.
- 3 The answers here were disappointing; many candidates did not read the question properly so wrote about the benefits/drawbacks to the customer of having a custom made wetsuit service rather than to Session Wetsuits. Many candidates also did not expand their answers enough and simply repeated their initial statements which did not gain them the extra marks.
- 4 (a) Overall, this part of the question was done well, with the majority of candidates being able to state three acts or regulations which would protect customers.
- (b) A large number of candidates related 'fit for purpose' as being solely to do with quality, without expanding their answer to explain what this meant in context.
- (c) For this part of the question a large number of candidates wrote a long list of implications for Session Wetsuits without much analysis. The highest scoring candidates related their answer specifically to the quality of the products (as the question required) and discussed the effect on the long term future of the business.

*Report on the Units taken in June 2007*

- 5 (a&b) A worryingly large number of candidates were unable to explain what a high labour turnover was, and this hindered their response to part (b) where they had to apply high labour turnover issues to customer service.
- (c) Due to this part of the question requiring analysis rather than evaluation, this, on the whole, was well answered with many candidates scoring highly.
- (d) Many candidates managed to discuss both the positive and negative elements of employing a Customer Service Manager which was pleasing, but many either did not write sufficiently in context or pull the question together with a balanced decision at the end and, therefore, did not gain evaluative marks.

## **Principal Moderator's Report (AS)**

The majority of Centres which submitted work for this moderation session followed OCR procedures, adhered to set deadlines and accurately completed documentation which enabled the moderation process to progress smoothly. However, many Centres did not adhere to the 15 May deadline for the receipt of the completed MS1 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 also note that for entries of 10 candidates or less the portfolios should be sent straight to the moderator with the MS1 forms. Centres should note that it is their responsibility to forward MS1 forms and candidate work to the allocated Moderator by the set deadlines and, if a sample is required, it must be returned within three days of receiving the sample request. Centres should note that failure to meet such deadlines could delay the receipt of results for their candidates.

Centres must ensure that all sections of the Unit Recording Sheet (URS) have been completed accurately, including correct total marks for the unit, candidate number and Centre number, teacher comments and the location of evidence in order to facilitate the moderation process. Centres must also ensure the marks on the MS1 form match the marks on the URS for each candidate and each unit.

### **Assessment**

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback. The teacher comments section of the URS enabled Assessors to justify the marks awarded for each assessment objective. It was helpful when page numbers were included within the location section of the URS. 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. Without this information it becomes more difficult for the moderator to confirm the marks awarded to a candidate.

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 which were given to candidates.

It is the responsibility of Assessors to ensure that each candidate has produced authentic/original evidence. A Centre Authentication Form for Coursework (CCS160) must be signed by the Assessor(s) and accompany each unit submitted.

Candidates must ensure that any material used from the Internet is correctly attributed. Where material is taken directly from the source, candidates must supplement it 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. This also indicates to the Moderator that the work has actually been assessed.

Assessors are reminded that they should make direct reference to the unit specifications when writing assignments and seeking clarification of the type of evidence candidates are required to include within their portfolios. Assessors are also reminded that they should make reference to the assessment objective amplification grids when assessing candidates work. These can be found with the specifications on pages 49-52.

It was also noted that those Centres which had followed the assignments written by OCR had, on the whole, been able to better structure their candidates work enabling them to access the higher grades. The teaching and learning support materials can be located on the CD produced by OCR or downloaded from the OCR website.

## **F240 Creating a Marketing Proposal**

The banner of the assessment evidence grid requires candidates to produce a marketing proposal to launch a new product or service. Candidates still do not always choose suitable products and are often merely trying to re-launch an established product. This ultimately results in candidates only changing, at best, two parts of an already established marketing mix. In some cases the product was actually currently available and the only modifications being specified were a new colour.

Assessors are also required to use the witness statement supplied within the OCR specifications to justify the marks awarded for AO2.

The banner states that candidates are required to investigate a medium to large sized business. However, it was noted that the majority of candidates who achieved the highest marks for this unit in previous moderation sessions had focused on small/medium sized businesses which were locally based. This enabled them to conduct relevant research which was used to good advantage throughout their delivery of AO2. These candidates also found it easier to develop their judgements as to the likely success of their marketing proposal. On reflection, it is now felt that candidates could extend their investigations into smaller local businesses, as long as they are able to gain sufficient information in order to meet all of the assessment objectives.

## **AO1**

This section, on the whole, was covered well by the majority of candidates sampled. Assessors must remember that this section does not need to be directly related to the selected business and Mark Band 3 marks can be achieved by the candidate who produces purely theoretical coverage which is considered to be clear and comprehensive. Candidates should be encouraged to use generic examples to help demonstrate clear and comprehensive coverage of each section.

The main weakness in this section remains the failure of candidates to explain the role functional areas play in supporting marketing activity. A lot of candidates purely explain the role of each individual functional area. Candidates may find the use of a made up scenario, for example the selected business is just about to launch a new product, would help them demonstrate a clear and comprehensive understanding of this section.

Candidates' coverage of marketing objectives at times was muddled with the general aims and objectives of a business. Candidates need to demonstrate that they understand marketing objectives are one of the techniques a business will use to achieve its overall aims. For example, the overall aim of a business might be to increase profit by 6% over the next six months. The marketing department would then be set the objective of running an advertising campaign during, say, January and February, in order to increase repeat custom of product X by 5%. Alongside this the production department would be set the objective of reducing wastage by 3% throughout the next six months. Both of these objectives would ultimately help the business achieve its initial aim of increasing profit by 6%.

The marketing mix was often covered in detail and fully explained with candidates demonstrating a clear and comprehensive understanding of this section of the assessment objective.

Candidates should be encouraged to use generic examples to demonstrate a clear and comprehensive understanding and thus enabling them to access Mark Band 3.

## **AO2**

Candidates must include their presentation slides, prompt cards and, where appropriate, notes used to accompany the presentation. As mentioned above, Assessors must complete the witness statement supplied by OCR. The more detailed this evidence, the easier it is for the Moderator to agree the Centres' marks. It was a surprise to find that some candidates' portfolios still did not contain a witness statement or any other evidence to indicate the presentation had actually taken place. It then becomes impossible for moderators to agree the marks awarded for this assessment objective.

In order to achieve Mark Band 3 candidates' evidence must be clearly targeted to their selected customer and their marketing proposal must be fully substantiated from both primary and secondary research.

Within their presentations candidates must clearly state what their selected product is, how they will promote it, where they will sell it and what price they will charge for it. A lot of candidates lost marks because they merely stated what they 'might' do with no reference back to the research undertaken. An example would be –'I will charge 30-50p for my product '. The candidate makes no clear indication of how or why they have come to such a decision. Candidates are also required to change at least three parts of the marketing mix if they decide to develop a product which already has an established marketing mix. Often candidates who had decided to use Cadburys as their selected business just stated they would sponsor Coronation Street. This was often not even backed up with the current audience figures for this programme and therefore at best this can only achieve marks within Mark Band 1.

## **AO3**

This assessment objective had a number of inherent problems. Candidates often failed to collect their primary research from the correct target audience. If the new product is aimed at people over the age of 19 the majority of the candidate's primary research should **not** be conducted within the 16-19 age range. Another problem was candidates who had collected vast amounts of secondary research which they then failed to analyse or use.

When analysing their data candidates must make reference to Section 1.2.3 Market Research in the What You Need To Learn section of the specification. This clearly sets out the techniques candidates are expected to use in order to complete their statistical analysis. Particular attention is drawn to the fact that candidates are required to use the marketing tools SWOT and PEST. These should be used to draw together the candidate's research. Centres should also note that the Boston Matrix, Ansoffs' Matrix and the product life cycle are not requirements of this unit.

Too often candidates' analysis simply involved the production of pie charts and graphs through the use of computer software and then a simple explanation which consisted of the terms 'the majority', 'most people', etc. This type of evidence can, at best, achieve the lower end of Mark Band 2. Candidates must be encouraged to analyse their research clearly stating how it will inform the development of their marketing proposal.

## **AO4**

Judgements on the potential success of the marketing proposal were often weak. They lacked the depth required in order to achieve Mark Band 3. In order to achieve the higher marks, candidates must consider their proposal making two sided judgements, considering both the possibility of success and failure. This was often lacking within the work of candidates seen at this stage. Candidates should be encouraged to consider the disadvantages and advantages, short term versus long term and the internal and external impact of their proposal on their selected business.

Within this section candidates need to focus on all of the elements of their marketing proposal. For example, will the price set for the new product meet the needs of their potential consumers and will the suggested promotional campaign reach these people? Too often, candidates just focused on the potential success of their product and forget the other three elements of the marketing mix.

Candidates should make reference to Section 1.2.6, How to Judge Potential Success in the What You Need To Learn section of the specification for guidance.

## **F241 Recruitment in the Workplace**

This unit remains quite a logistical challenge for some Centres. There was evidence of very good practice, but at the other end of the scale very little evidence of candidates' own work. The best portfolios were based on jobs that were realistic for the candidate to apply for. For example, receptionists, clerical positions or part-time jobs based in shops. Where inappropriate jobs had been chosen, potential applicants found it very difficult to complete application forms as they did not have the necessary qualifications for the position being advertised. It was also rather disappointing to witness some candidates failing to take the role play situation seriously and completing application forms with inappropriate information.

This unit, at times, remained a logistical challenge for the Moderators – often being unable to distinguish between original recruitment documents, candidates' own documents or those of the group. Centres must ensure that candidates clearly label each of their documents. They need to provide a road map for the Moderator – is this document one the candidate produced or the final one that was used by the group for the interviews? It is also recommended that candidates include copies of the original documentation of the selected business so that the Moderator can assess the degree of original and individual work.

Whilst candidates can work in groups to actually perform the interview, they are required to produce individual evidence to demonstrate that they have met the requirements of the assessment grid. This was not the case in some of the candidates' work sampled. There was still evidence of Candidate B designing the job advertisement and Candidate C designing the person specification, etc. This is not acceptable. Under the sub-heading AO2 there is a flow diagram which illustrates the process candidates should follow if they are (a) working individually or (b) working in a group.

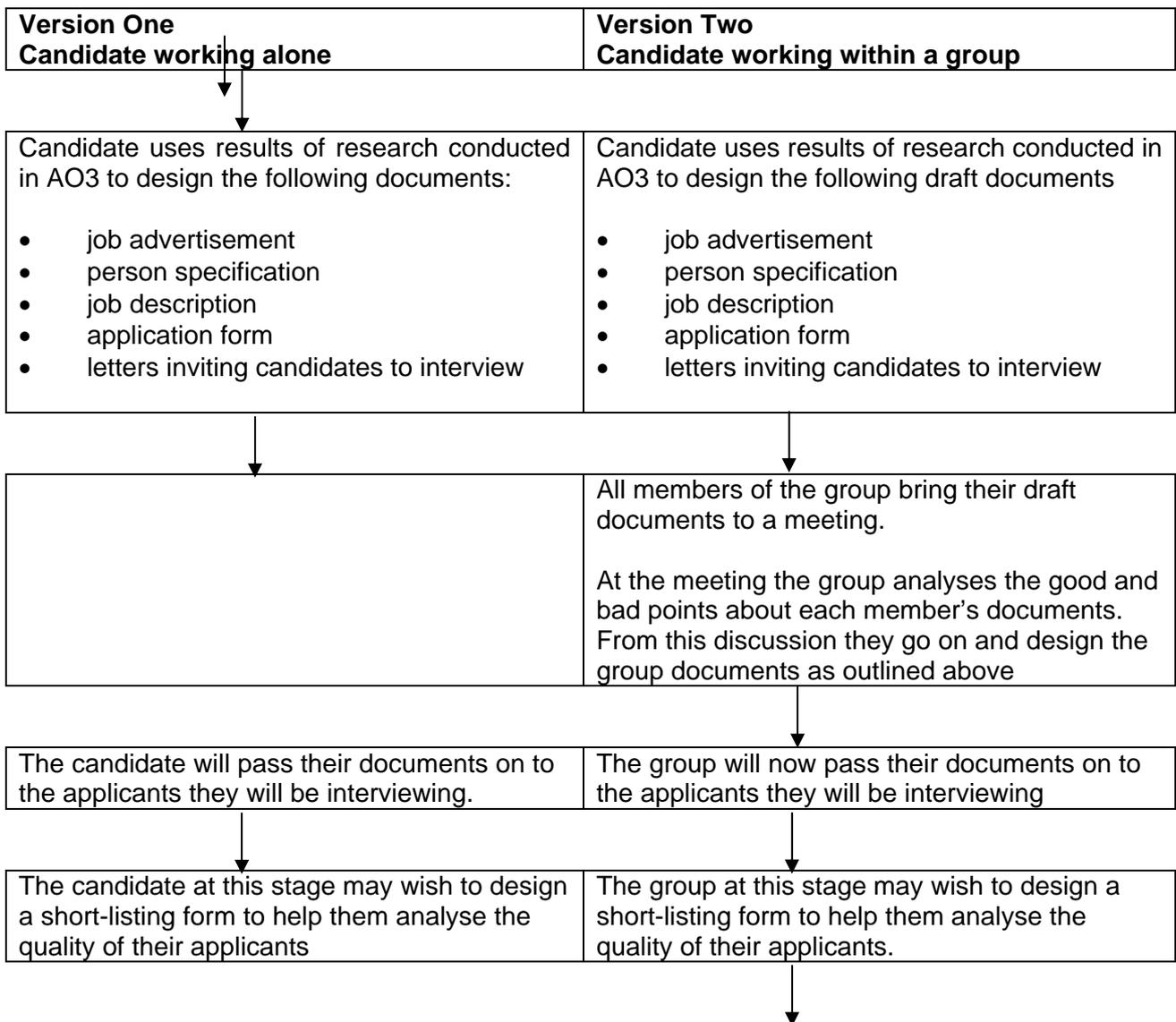
## **AO1**

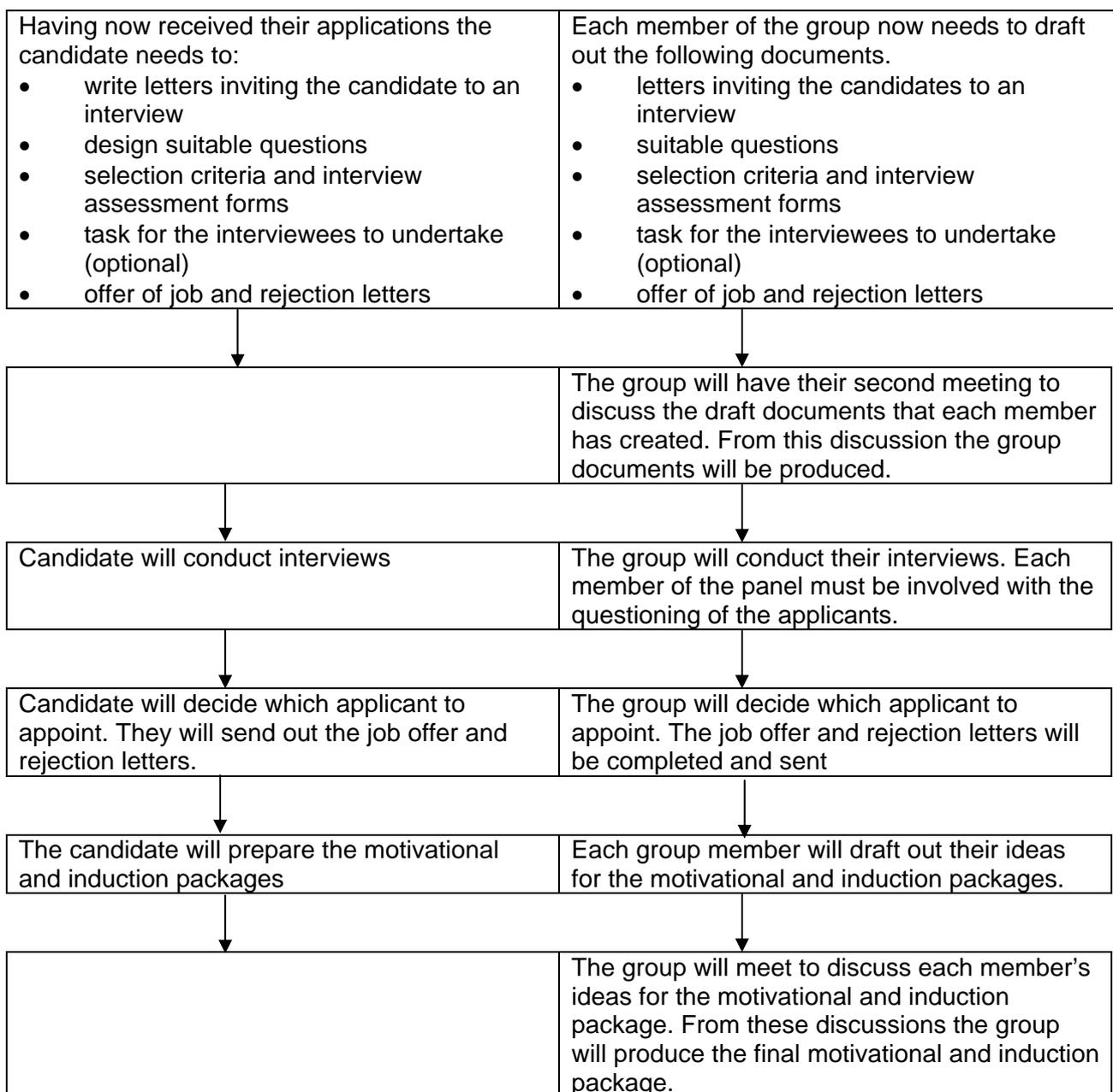
The majority of candidates sampled were able to produce a detailed description of the processes of recruitment and selection. Candidates' coverage of induction was patchy ranging from extremely detailed coverage to pure identification of the topics which would be covered in an induction programme. Candidates' coverage of motivation should focus on Section 2.2.5 of the What You Need To Learn. They are only required to cover financial and non-financial motivators. Candidates do not need to cover motivational theorists. Coverage of the legal framework tended to focus on the Acts at a basic level with very little application as to how these would impact on the recruitment and selection process. This area needs to be developed if candidates are to be awarded marks in the Mark Band 3 range.

**AO2**

This assessment objective assesses:

- the candidates' materials produced to recruit and select an individual – including job advertisement, person specification, job description, application form, letters inviting candidates to interview and interview selection documentation;
- the actual interview;
- the motivational package;
- the induction package;
- letters informing successful and non-successful candidates.





In order to aid the moderation process each of the documents produced throughout the different stages must be clearly labelled within the candidate's assignment.

It is good practice to include a witness statement which identifies how the candidate conducted the interviews. This could be completed by peer observers. This evidence would also enable candidates to develop their AO4 evidence.

### **AO3**

In order to achieve this assessment objective, candidates need to collect at least two of the following documentation:

- job advertisements;
- person specifications;
- job descriptions;
- application forms;
- different types of letters – illustrating correct business layout and terminology;
- motivational packages (if possible);
- induction packages (if possible).

Having collected this evidence, candidates are then required to analyse each document identifying what they feel are its good and bad points and whether they conform to equal opportunity legislation as identified in Section 2.2.6 of the What You Need To Learn. Candidates are then required to explain how this analysis has helped to inform the design of their own documents. This last stage was often lacking in some of the assignments sampled throughout this moderation session.

### **AO4**

The weaker candidates sampled often only made judgements about their own performance during the interview process and weak judgements concerning the documentation produced and its fitness for purpose. Very few candidates were able to consider the impact weaknesses within their recruitment and selection documentation would have on how the candidate performed at the interview. They made simple statements such as 'in our application form we did not leave enough room for the candidates to write their qualifications in'. They then failed to make a judgement about the possible impact this could have had on the interview process.

Candidates are also encouraged to make reference to Section 2.2.8 of the What You Need To Learn which develops the areas candidates could consider when making judgements concerning effectiveness.

### **F244 ICT Provision in a Business**

In order for candidates to successfully complete this unit it is paramount that the correct business is selected. Where case studies have been selected they often lacked the detail necessary to allow candidates to achieve much more than Mark Band 1. Candidates were still selecting businesses that currently use a substantial amount of ICT. This meant that all candidates could recommend was upgrading or adding an additional piece of ICT software or hardware. This does not constitute an ICT proposal.

Whichever route is selected for this unit, a real business or a case study, candidates need to be able to find out the information outlined below in order to compile a detailed assignment that could achieve top Mark Band 3 grades.

- What ICT provision does the business currently have?
- How is ICT currently used in the business? For example, if the business has a word processing package, who and for what reason is this used. This information should also link into the different departments within the business and how they are currently making use of ICT.
- What does the business want to achieve by installing ICT? What different functions is the new package supposed to be able to perform?
- An estimated budget and timescale for the project.

Candidates also need to introduce the business – what it does, how big it is, etc. This is vital scene setting not just for the candidate to consolidate ideas but for the Moderator who finally looks at the portfolio of evidence.

### **AO1**

This was most successfully achieved when it was tackled as a theory only section. Candidates are required to demonstrate their theoretical understanding of 5.2.1., 5.2.2, 5.2.3 and 5.2.4. This will provide candidates with sufficient knowledge and understanding to develop their own ICT package. Candidates should be encouraged to develop the section on how the different functional areas could use ICT. This would aid candidates when recommending software for their own ICT proposal. Generally, the coverage of software was weak in that it did not state how the business might employ the various forms and what ultimate benefits it would/could bring to the business.

### **AO2**

This assessment objective is achieved through the delivery of a presentation. Candidates must include their presentation slides, prompt cards and, where appropriate, notes used to accompany the presentation. Assessors must complete the witness statement supplied by OCR. The more detailed the evidence, the easier it is for the Moderator to agree the Centres' marks.

In order to achieve Mark Band 3, candidates' evidence must be clearly targeted to their selected business. The proposal must be fully substantiated from both their primary and secondary research. Candidates should have been able to clearly identify what their selected business hopes to achieve through the development of their ICT provision. This will then directly link to the hardware and software the candidate goes on to recommend during their presentation.

The ICT proposal must clearly outline both the hardware and software which is recommended, the reasons why the equipment and software have been recommended and the ultimate benefits and drawbacks the proposal will bring to the business. A lot of the candidates sampled merely stated that they would recommend various different computers, printers and servers with no explanation of why. Candidates also recommended different software packages, again without any explanation of how and why they would/could be used by the business.

### **AO3**

In order to achieve this assessment objective candidates are required to conduct a variety of primary research and secondary research. The first should focus on the business being investigated reflecting the points raised above. The second, where possible, should involve investigating a similar business to find out how it currently uses ICT and the benefits and drawbacks it brings to the business. Candidates may also find it useful interviewing someone who has ICT expertise who could offer suggestions concerning suitable packages. Secondary research should focus on the different types of hardware and software which the candidate could recommend when they finally present their ICT proposal.

### **AO4**

Candidates would be well advised to make reference to Section 5.2.7 of the specification which provides a framework on which to develop evaluation. In order to develop an evaluation beyond mark band 1 candidates must back up their statements making reference to their research conducted for AO3.

## **F245 Running an Enterprise Activity**

Generally, candidates appeared to have chosen suitable enterprise activities in order to complete the unit, with quite a few Centres managing to amalgamate the unit successfully with Young Enterprise.

A considerable number of assignments moderated had combined the coverage of assessment objectives 1 and 2. However, Centres are encouraged to ensure that candidates do demonstrate clear and comprehensive theoretical understanding of the concepts being assessed within this section before awarding Mark Band 3 for AO1. One example of good practice seen was where a written explanation of each bullet point section had been supplied and then the candidate had gone on to explain how their group had dealt with each individual aspect. For example, candidates had explained why it was important to have meetings and keep records of agendas and minutes and then showed evidence of their own agendas and minutes.

### **AO1**

As already stated the highest marks were gained by those candidates who had covered 6.2.1, 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.2.6 in theory prior to applying the concepts to their own enterprise activity.

### **AO2**

Candidates need to show clear evidence of how they have dealt with each of the sections listed in AO1. Candidates lost marks as they often failed to give sufficient detail of how they had dealt with these considerations when planning and running the profit-making enterprise activity. It was often obvious that the group had run a successful event, but the write up usually lacked sufficient detail to inform the reader of what had been happening. A particular weakness was 6.2.2 - developing an effective team. Many candidates had applied Belbin but failed to back up their statements. For example, they simply stated 'Jane is well organised'. This statement needs to be backed up with examples which clearly illustrate that Jane is a well organised person. Another weak area concerned required resources. Candidates failed to clearly identify and describe the exact resources which they would require to run their event.

### **AO3**

Within the AS specification this is the only time that AO3 is completed after AO2. Whilst candidates may need to undertake some research and subsequent analysis in order to find out what would be the most suitable enterprise to run, this does not count towards their AO3 evidence.

In order to achieve AO3 candidates must follow the guidelines as laid out in Section 6.2.7 of the What You Need To Learn. Candidates are required to research and analyse different stakeholder's opinions of their enterprise. This should include:

- surveys with the participants who took part in the enterprise activity;
- questionnaires to other group members on how they felt the group interacted throughout the activity;
- face to face discussion with a group member, getting them to carry out a SWOT analysis on your contribution to the activity;
- discussions with other stakeholders, eg suppliers.

The majority of Centres had carried out the correct research as outlined above. However, having conducted the required research the written work was often descriptive rather than a true analysis of the information. Candidates need to begin considering the impact of the results from their primary research on the future running of a similar event. This should help candidates develop their evidence for AO4.

#### **AO4**

It was all too common to see candidates having undertaken detailed research into different stakeholders' opinions to then fail to use any of this evidence when considering potential future changes to the enterprise activity.

Candidates are strongly recommended to make reference to section 6.2.8 of the specification. Using the bullet points within this section they must then make judgements backing up their suggestions using their analysis conducted in AO3.

#### **F246 Financial Providers and Products**

In this session Centres were able to choose which case study to use. Some Centres chose to remain with Z-A Trucks Ltd and others opted to use Fidos Foods. Using the information contained within either case study, candidates are required to produce two financial packages. Generally candidates appeared to find Fidos Foods more accessible than Z-A Trucks especially when compiling the financial package for the business. However, Centres must take note that when candidates used Fidos Food they often researched personal loans rather than business loans.

AO4 was still proving problematic for Centres. It is the responsibility of the Centre to give the candidates a suitable and realistic change of circumstance for the people and individuals involved within the case study.

#### **AO1**

The candidates who scored Mark Band 3 for this assessment objective usually covered this as a purely theoretical exercise. Tackling the assignment in this fashion allows candidates to demonstrate their understanding of the financial services market and all the products and providers which are currently available in the market. Candidates are required to demonstrate an understanding of all the bullet points outlined in 7.2.1, 7.2.2 and 7.2.4 of the specification.

#### **AO2**

In order to achieve AO2, candidates must produce two separate financial packages – one which meets the personal financial needs as outlined in the case study and one that meets the needs of the business. Within each financial package, candidates must recommend one product and provider rather than making general statements. For example, 'Ryan and Sue could get their mortgage from the Halifax or HSBC'. Candidate must clearly state which financial provider they recommend and why.

In order to access the higher Mark Band 3 marks candidates should be quoting figures for the financial products being recommend. This should then lead into a costing statement which illustrates if the recommended packages are actually affordable.

### **AO3**

This assessment objective is the research the candidate needs to undertake in order to recommend suitable financial packages. Candidates should research a number of different financial providers and packages and analyse their findings. Candidates should consider affordability and also constraints as outlined in 7.2.4 of the specification. Candidate's recommendations in AO2 should be clearly linked to their analysis conducted within AO3.

### **AO4**

In order to achieve AO4, Centres need to supply the candidates with a future change in circumstance(s) for both the individual and business described within the case study. The recommended change should reflect what could possibly happen within a five to ten year period. Candidates are then required to consider if the financial package they have recommended in AO2 will be able to meet these new financial needs. Candidates are not required to undertake any further research or come up with alternative financial packages.

Further guidance/ideas on how to tackle Z-A Trucks Ltd are found below.

### **General Points**

Due to the complex nature of the case study it is wholly appropriate for teachers to give candidates structured guidance when discussing the financial position of Z-A Trucks Ltd and Ryan.

Whilst investigating the needs of the business, candidates are not expected to have any prior knowledge of accounts and, therefore, it is quite acceptable for teachers to explain to candidates how the business could raise the finance needed to undertake the expansion. The candidate's assessment evidence must then be focused on the financial package they have investigated to meet the needs of both the individual and business which are both clearly flagged up in the stimulus material. Due to the nature of the loan/mortgage required for Z-A Trucks Ltd it is quite acceptable for candidates to investigate and suggest one type of mortgage/loan.

When investigating Ryan's needs, again it is appropriate for teachers to guide candidates to investigate the types of products which would be suitable and meet the financial needs as laid out in the stimulus material.

### **The Business**

When looking into the current operations of Z-A Trucks Ltd, one might want to consider the following themes:

- number of trucks and drivers;
- working hours of Ryan and Sue; (should this be Sue or the partner?)
- level of customer service;
- administration of the business;
- credit control;
- rent of premises;
- what can Howard offer Z-A Trucks Ltd?;
- possible expansion of Z-A Trucks Ltd with Howard's business – how could Z-A Trucks fund this expansion?;
- financial implications of expansion.

## **Financial Information**

When considering the financial strength of Z-A Trucks Ltd one might wish to consider the following points:

- the combined profit of Howard's business and Z-A Trucks Ltd – consideration of the value of Howard's business [£250 000] plus net assets for Z-A Trucks Ltd [£336 142];
  - calculation of a gearing ratio for the potential new venture;
  - what kind of mortgage could Z-A Trucks Ltd invest in, taking into account the rent it is already paying of £15 000.
- Considering some of the financial issues above will allow candidates to research and decide upon a suitable financial package for Z-A Trucks Ltd.

## **The Individual (Ryan)**

When looking into Ryan's financial situation, one might want to consider the following points:

- his current financial needs as detailed in the stimulus material;
- his changing personal circumstances – twins on the way, meaning a possible need for a bigger house and new mortgage?;
- how would this bigger mortgage be financed – could savings be made on the domestic front which would generate the finance needed?;
- what about Ryan's dividends – what impact could these have on Ryan's future financial position?;
- if the expansion of Z-A Trucks Ltd takes place, what benefits could Ryan take from a much larger organisation achieving higher profits?;
- what about Ryan and Sue's savings – what contribution could these savings make to their financial future?

## **Financial Information**

When considering the financial position of Ryan one might wish to consider the following points;

- Ryan's salary [£30 000] plus dividends [£3 000];
- twins on the way;
- value of house and any positive equity it could generate;
- mortgage requirements – borrow three to four times main salary;
- potential increase in salaries once the new business venture takes place;
- increase in mortgage monthly repayments could be offset by financial savings elsewhere – notably savings, 'additional', cable TV, etc.

Considering some of the financial issues above will allow candidates to research and decide upon a suitable financial package for Ryan.

The themes, as listed above, should provide candidates with enough contextual information to go on and meet the assessment evidence requirements for this unit. Ultimately, candidates need to research the financial services market and decide upon a suitable series of proposals which would be of use to both Z-A Trucks Ltd and Ryan. There is no right solution to the stimulus material – rather one is interested in tracking the thought process of the candidate as they progress through the unit – looking into the needs of both business and individual, investigating the financial services market and suggesting a suitable outcome for each context. Candidates may, through their investigations, suggest that certain financial products are inappropriate, given the financial circumstances of Ryan and his business – this approach is perfectly acceptable as long as the rationale is provided by the candidate as to why certain assumptions have been made in relation to the stimulus material.

## **F247 Understanding Production in Business**

For this unit candidates need to produce a report which illustrates how a business produces a particular item.

Candidates sampled had undertaken a wide range of research and visited a varied number of production businesses.

If the Centre is able to establish a good link with a production business, this unit is relatively easy to complete. However, Centres must consider the demands of the specification prior to arranging a visit. If the potential company is unwilling to provide the information required candidates are 'set up' to fail from the beginning. OCR realises that it is difficult to obtain all of the figures in order to evidence 8.2.2 operational efficiency and, therefore, some realistic 'made up' figures could be substituted. Candidates should be able to obtain the remainder of the information required to complete the unit.

The majority of the Centres sampled tackled the unit in the same way combining assessment objectives one, two and three.

### **AO1**

In order to achieve this assessment objective, candidates need to clearly explain their theoretical understanding of the role of the production functional area, its interaction with other departments and different aspects relating to production including operational efficiency, organising production, ensuring quality, stock control and legal constraints. The theory section was generally well covered and provided in detail by the majority of candidates.

### **AO2**

The usual practice was for candidates to apply their understanding of each section directly below their theoretical coverage. On the whole the higher achieving candidates did this extremely well. The lower ability candidates' work tended to be more theoretical with a lack of application to the selected business. The major area of weakness was 8.2.2, operational efficiency. Candidates who had participated in an 'unsuccessful' visit were often unable to apply each section to their selected business due to the lack of information available. This had the effect of dramatically reducing their mark for this section of the unit. Candidates' coverage of stock control and health and safety is also often found to lack depth of application.

### **AO3**

Candidates achieve this objective through their development of AO2. Those candidates who took detailed notes throughout their visit/tour should be able to develop AO2 to Mark Band 3 and also score highly for this assessment objective.

### **AO4**

AO4 pulls the whole unit together by assessing the candidate's ideas on how the different sections investigated could be improved. It is once again recommended that candidates should be guided by the bullet points as outlined in Section 8.2.8 of the What You Need To Learn. The higher scoring candidates do need to make clear reference to their initial research into the production process when making judgements.

### **Recommendations to Centres**

- Please adhere to deadlines for submitting MS1 forms and candidate work to the appointed Moderator
- Please ensure that marks entered on MS1 forms match marks awarded on the Unit Recording Sheet
- Please ensure that the total marks for all strands of a unit are correctly totaled 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 comments and location of evidence.
- Where there are 10 or fewer candidates for any unit, send all the candidate portfolios with the MS1 forms to the Moderator.
- If assignments are used, please include copies of assignment briefs with the work of the candidates
- Assessors should provide clear written feedback to candidates, including what has and what has not been achieved.
- Candidates should be encouraged to adapt a structured approach to their work and present evidence clearly, eg 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 evidence. Pages downloaded from the Internet do not constitute evidence.
- Ensure that internal moderation is carried out prior to external moderation.

## F248 Strategic Decision-Making

It is clear that most candidates found the paper accessible, and the majority found it relatively straightforward. There were, as ever, familiar problems with candidates' ability to analyse and evaluate – certainly in the context of the case study – and those who did were highly rewarded. Knowledge of every aspect of the specification is essential and it was clear that there were issues with a number of candidates having little knowledge of Porter's work or decision trees.

- 1 (a) Most candidates scored at least one mark and many could explain what was meant by 'business objective' in some detail for two marks.  
(b) Very well answered. Those candidates who did not score marks did not actually give objectives but described 'things that the firm might do'.  
(c) No problems.  
(d) Porter's Five Forces or Differentiation/Low cost producers approaches were acceptable. Many candidates clearly had no idea at all about Porter, but the majority had something to say about his work. The problem was applying it to the case study (which got the candidate into Level 2 or even Level 3), let alone actually answering the question. Like January, this was a question about the usefulness of a strategic tool, not about how it actually applies to the firm. Very few candidates spotted this, but it is essential that they do, as a 'usefulness' style question is likely at each sitting of this paper.
  
- 2 (a) (i) Most candidates had a good idea of what is 'labour turnover'. Weaker ones did not explain it very well or simply repeated the formula. It is essential that candidates have a good grasp of the basic definitions of the key concepts.  
(ii) Most candidates had a good idea of what is 'labour productivity'.  
(b) Many candidates scored full marks for the five calculations. A considerable number got one figure wrong in the actual calculation and, therefore, dropped a mark.  
(c) This was generally well answered as clearly candidates were well prepared for looking at the differences between the bar and kitchen staff and their effectiveness. Any candidate who analysed one or more reasons was awarded Level 3; but very few, as ever, evaluated the reasons. Candidates really need to discuss which reasons are most likely, ie prioritise.
  
- 3 (a) The majority of candidates could not complete the decision tree. Many knew nothing and simply attempted some manipulation of the numbers, while others knew the first stage of the calculations (that is multiply the probability by the outcome) but could go no further. It is essential that candidates are competent at all the numerical tools as these will be tested every time. Worryingly, a large minority ignored the brackets (minus) and, hence, went wrong. Marks were rewarded, however, for correct method.  
(b) Regardless of the difficulties candidates had completing the decision tree, most correctly identified that Option One was the best.  
(c) Again, a 'usefulness' question and, again, candidates found it difficult to answer what was actually being asked. Clearly more was known about decision trees than Porter, and many candidates explained the advantages and disadvantages but simply could not put their response into context. This was a common problem and one that Centres need to consider as an absolute priority.

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- 4 (a) Most candidates made a good attempt at completing the break even diagram. There were errors in labeling and accuracy of lines, but this is a fairly basic tool which candidates at A2 really ought to find very straightforward.
- (b) Again, this should not have been too difficult, but many candidates had no idea of the break even formula and were certainly in no position to derive it themselves. (i) and (ii) If candidates found part (b) difficult, then they were always struggling with margin of safety. A number did, however, successfully attempt the profit calculation even though they could not do break even. For a number of candidates, this whole section was straightforward.
- (c) Candidates had little problem discussing reasons as to whether the Let's Party proposal should be accepted. The intention of the question was to let candidates do a contribution calculation and then discuss the wider implications. Most avoided the former and focused on the latter. Again, very few candidates evaluated for Level 4, as they could not weigh up the relative arguments and prioritise.
- (d) Clearly the vast majority of candidates had discussed the pros and cons of the three options before this examination and could write extensively about them. Most candidates went well beyond the space primarily available. Those who scored less well tended to stick to one option and said very little about the other two options. Those who talked about all three, particularly in a comparative, detailed and evaluative way, scored very highly. More marks were generally awarded to those who used the appendices, their own research and the case study text to support their arguments.

## F256 Business Law

As in the January session, examiners were looking to reward candidates who demonstrated a good knowledge of business law and who were able to apply points to the vocational context of the case study. For higher level of response questions, examiners were also looking for a fully supported judgement. It is important to again repeat the advice from the last session, in order to score highly on the longer, level of response marked questions ALL of the skills needed to be shown in one answer. Centres may be able to better prepare candidates for these questions if they train them to firstly and, if appropriate, state the law; secondly, explain how it relates to the case study; and then, finally, weigh up the evidence given on both sides to reach appropriate judgements.

Where Centres had embraced the new specification they are to be congratulated as full coverage generally meant their candidates performed well. However, it is clear that some questions caused candidates difficulty and consequently were not answered adequately or were simply not answered. It is evident that a number of candidates were not aware of the main provisions of the Partnership Act 1890, the Companies Acts, or the process of dissolution or winding up of companies and, therefore, their performance suffered. It is essential that Centres check their coverage of the specification on a regular basis and update their teaching in the light of changes in legislation or emphasis, eg new minimum wage levels, EU age discrimination legislation, etc.

### Comments on Individual Questions

1 (a) (i) There were many good answers to this part of the question relating to the 1890 Partnership Act. Stronger candidates knew the main provisions of the Act identifying that partnerships need to be carrying on in business to make a profit, all partners are jointly and severally liable for the debts of the business and all profits and losses are shared equally, etc. Unfortunately, a number of candidates did not know enough about the 1890 Partnership Act and this might be an area for consideration for teaching for the next session. It is also worth mentioning that for full coverage of the specification regarding partnership law, candidates also need an understanding of the Limited Partnership Act of 1907.

1 (a) (ii) This part of question was not answered well by many candidates. The main legal provisions of the Companies Acts refer to the legal process of setting up incorporated businesses and the regulation of their operation. The question was simply looking for elements such as the Memorandum and Articles of association, form 10, form 12, etc. When covering incorporation, the legal setting up procedure and the regulation of business, it is essential that candidates realise that the Companies Acts are the main basis of this legislation.

1 (b) This part of the question was generally well answered by candidates with most understanding the legal statements which should be included in a Deed of Partnership. Better candidates were able to explain the points made and, therefore, gained full marks. It was a pity that weaker candidates made points but did not go on to explain them which, therefore, limited their marks to a maximum of four out of eight.

1 (c) This part of the question was marked by way of levels of response and the best answers showed a clear progression from identifying an issue, to explaining it in relation to the context, analysing it and finally reaching a judgement on the main factor(s) which may have affected the decision made by the partnership to become a private limited company. Candidates generally found plenty to write about here. Where the marks awarded were low, this was frequently because candidates simply made a point, eg the change to a private company would enable Mintair to raise more finance from private shareholders, rather than **analysing** and **evaluating** the impact in relation to the context of the case study. Given the nature of the business there would be high set up costs such as finding the money for the planes. This would mean that by becoming a private limited company it could raise finance by finding shareholders to invest.

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However, as private limited companies can only sell shares to private investors finding appropriate shareholders may be difficult, especially as the sum required was likely to be large. Although, as a potentially very prosperous business, this may not be an issue and an investor may be found with relative ease.

2 (a) This part of the question was generally answered well by candidates, with most being able to give two differences between criminal and civil law.

2 (b) Again this part of the question was generally answered well with many answers achieving full or near to full marks. And, as in where candidates made points without elucidation, they limited themselves to a maximum of four marks out of eight. A significant number of candidates thought that training was a statutory duty of employees – which it is not. Health and safety training is. Being precise with answers is important in business law.

2 (c) This part of the question was generally answered quite well as most candidates understood the term vicarious liability and could apply it to the position of the employee of Mintair. However, only the stronger candidates could identify why the position relating to the case may be unclear, ie was he willfully disobedient or was he carrying out his duty as an employee.

2 (d) (i) Most candidates knew about the issue of constructive dismissal and, therefore, gained full marks

2 (d) (ii) Again this was a level of response marked question which asked the candidates to **evaluate**. It was evident from this part of the question that many candidates did not have a secure understanding of the meaning of **evaluate** in this question. Such candidates would benefit from studying the difference in key question terms such as explain, describe, analyse, evaluate. Candidates were required to **judge** whether Joe had a claim for constructive dismissal. The evidence needed to be weighed up, eg the claim for constructive dismissal may be appropriate because of lack of breaks, training, and bonus. However, arguments against may be the lack of obeying reasonable orders and causing damage to a customer's possessions. Most candidates analysed these points to an extent but failed to judge their relative importance in a justified conclusion.

**3 (a) (i)** Most candidates could give one principle of the Trade Descriptions Act 1968 identifying that descriptions of products or services should not be misleading, but struggled to identify a second principle.

3 (a) (ii) Candidates answered this part of the question well with many achieving full marks.

3 (b) This was the third and final evaluative question which considered the Supply of Goods and Services Act, 1982. Most candidates found this part of the question accessible, and had knowledge of the Act or understood the issues. It was a pity however that most failed to give a two sided argument and simply decided Mintair Ltd should receive compensation from Airservice Ltd. This meant that a fully justified answer was not possible.

4 (a) This part of the question was probably the one candidates found the most accessible on the paper with many scoring full marks. Again, some weak candidates did not explain their points fully, which was a little disappointing as the text gave plenty of prompts for development.

4 (b) Many candidates were clearly ill prepared for this part of the question on the winding up of companies and either made wildly inaccurate guesses or left it blank. Most candidates gathered that debts needed to be paid, but did offer any other relevant steps. Where the process of winding up a company had been covered in detail by Centres candidates generally achieved full marks.

## **F257 Managing Risk in the Workplace**

In relation to the significant increase in the mean response it is clear that most candidates found the paper accessible. A number of candidates made good use of the case study, where appropriate, in order to discuss safety and risk. However, it is noteworthy that some Centres seem to have focused on the health and safety aspects of the specification to the extent that responses to Question 3(a), asking for a simple definition of strategic risk, were seldom correct. Centres must focus on the whole specification in order to give candidates the best chance of success in this unit.

1(a) This was a very good start to the paper, with many candidates achieving two marks with the definition as outlined in the specification.

1(b) A well-answered question in which the examiners were looking for cause and effect, eg hot oil from the fryer may cause burns to Karen if it comes into contact with her skin. However, many candidates chose to interpret the kitchen being 'small' as a hazard. This was not the case.

1(c) Candidates quickly picked up six marks from a consequence and the subsequent impact it may have on the business, although this needed to be developed further to pick up the third point in each case.

2(a) As in Question 1(c), these one plus two type questions require a further development of the point. However, this question was on the whole answered better than 1(c).

2(b) (i) This part of the question received a mixed response. Some Centres had many candidates achieving five out of five, whereas other centres had candidates achieving only two marks. In short, the ability to score well on this question depended entirely on whether the candidates could accurately follow the steps of a risk assessment.

2(b) (ii) Stronger candidates were able to develop two points which a risk assessment could identify. However, some candidates chose to repeat two stages of the risk assessment, but did not develop the issue within the case and, therefore, scored nothing.

2(c) Few candidates achieved Level 4 on this part of the question. Although candidates could identify the benefits of contingency planning, few could identify the costs leading to a rather one-sided weighing up to the use of contingency planning for a small, sole trader business, with limited finances.

3(a) Very few candidates managed to achieve marks on this definition question, even though it is one of the cornerstones of the specification. This simply outlines the fact that Centres seem to be emphasising the health and safety risk part of the specification at the expense of the strategic risk element. This assertion was born out by the weaker answers present on the strategic questions.

3(b) Candidates were encouraged to consider both sides of the argument here; however, some candidates focused on the health and safety risk of expanding, rather than the strategic risks of costs outweighing potential revenue given the limited finances of this business. For this reason, some candidates performed poorly on this section.

3(c) With candidates finding themselves back on the health and safety part of the specification, many candidates achieved at least six marks for this part of the question, picking a responsibility and then identifying a way of meeting the responsibility. In order to achieve the third mark, candidates needed to take this further as with other one plus two questions.

4(a) This was a well-answered question on which candidates were able to develop a line of argument moving from problem to effect to knock on effect/further effect.

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4(b) It was surprising to see that this part of the question was answered poorly by some candidates. Although these candidates were usually able to identify and describe a strike, no further knowledge of industrial action seemed to be present. Some noted symptoms of low motivation such as poor productivity or increased absenteeism and attracted no marks. However, better candidates seemed to have little problem with this question and picked up the full six marks.

4(c) This was the most poorly answered of the 15 mark questions. Although many candidates managed a Level 3 response by producing one well-constructed line of argument based in context and usually relating to workforce planning issues of the larger business, many candidates read the question as if Wendy's House had employed a human resource manager and proceeded to discuss the cost to the business of this action, therefore, attracting no marks.

## **Principal Moderator's Report (A2)**

Over half of the Centres which submitted work for this first moderation session followed OCR procedures, adhered to set deadlines and accurately completed documentation which enabled the moderation process to progress smoothly. However, many Centres did not adhere to the 15 May deadline for the receipt of the completed MS1 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 returned within three days of receiving the sample request. It was noted that some Centres were taking up to a further 10 days to send the requested assignments to their Moderator. Centres should note that any 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 by 15th May.

Centres must ensure that all sections of the Unit Recording Sheet have been completed accurately, including correct total marks for the unit, candidate number and Centre number, teacher comments and location of evidence, in order to facilitate the moderation process. This information helps moderators understand the rationale behind the marks awarded for each AO. Centres must also ensure the marks on the MS1 form match the marks on the Unit Recording Sheet for each candidate and each unit.

### **Assessment**

Many Assessors demonstrated good practice by annotating candidate work with assessment criteria references and by giving clear and constructive written feedback. The teacher comments section of the Unit Recording Sheet enabled Assessors to justify the marks awarded for each AO. It was helpful when page numbers were included within the location section of the Unit Recording Sheet. 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.

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 which were given to candidates. It was generally noted that where Centres had followed the assignments produced by OCR, candidates' work was generally more structured enabling them to provide the correct evidence for each AO.

It is the responsibility of Assessors to ensure that each candidate has produced authentic/original evidence. A Centre Authentication Form for Coursework (CCS160) must be signed by the Assessor(s) and must accompany each unit submitted.

Candidates must ensure that any material used from the Internet is correctly attributed. 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.

Assessors are reminded that they should make reference to the AO amplification grids when assessing candidates work.

OCR has released a detailed assignment for each of the portfolio units found within the A2 specification. Centres may find it useful to make reference to these in order to help structure their own assignments. These can be downloaded from OCR's website.

## **F249 A Business Plan for the Entrepreneur**

The banner of the assessment evidence grid requires candidates to produce a business plan for a new business enterprise of their choice. Candidates often selected business ideas which were way above their capabilities. This greatly limited their ability to create a realistic plan in order to achieve AO2. The best plans were created by candidates who had selected small enterprises based on their own knowledge, interests and experience.

### **AO1**

In order to achieve this AO candidates are required to provide theoretical coverage of sections 10.2.1, reasons for construction of a business plan; 10.2.2, information within a business plan: and, finally, 10.2.5 constraints which impact on implementation.

To help candidates achieve Mark Band 3, this is best tackled as an independent section with candidates using generic examples to help them demonstrate their knowledge and understanding of 10.2.1 and 10.2.2. In order to complete 10.2.5 candidates should be encouraged to relate this section to their own business idea. Clearly identifying the constraints relevant to their own business plan at this early stage will help them evaluate their impact in AO4.

### **AO2**

This section is the actual business plan and as such should be presented as a 'stand alone' document which could be shown to a potential stakeholder. If candidates have decided to use a business plan format provided by a third party they must ensure that it allows them to fully meet the requirements of 10.2.2. This could involve adapting the layout or adding extra information. The information used within the business plan must be fully supported/justified through the research carried out in AO3.

There were a significant number of business plans which were based on unsubstantiated ideas and comments. Some of the common problems are outlined below.

- Failure to fully research media selected for advertising – for example, if a newspaper had been selected? What is its target market, what are its readership figures?
- Lack of justification for price to be charged – what are competitors charging? Decisions should not just have been based on what 10 people stated in the candidate's primary research.
- Lack of research in to the machinery and equipment required. Only one set of prices researched. What would be the best buy? Why select that particular product?
- Lack of justification and often unrealistic figures used for the number of the products the business would sell/number of people who would use the service. No reference to competitor numbers. Usually just based on the primary research or candidates own assumptions and gestations.
- Very few candidates considered the different stages of production.
- Little consideration of timing of production to meet customer needs.
- Break even forecasts were often difficult to understand as there was no explanation of where the figures had come from. Figures were often 'plucked out of thin air' and not based on analysis of research.
- Cash flow forecasts, although completed correctly, were often based on figures which appeared to be candidates own assumptions and gestations.' Candidates must fully justify their sales and expenses.

### **AO3**

Centres should pay attention to section 10.2.3 of the specification which clearly states that candidates', need to ensure that research is wide-ranging'. This must include both primary and secondary research as laid out within this section.

Candidates are then required to analyse the information, drawing out key information which should be included in their own business plan. Candidates should be advised that in order to access the higher marks each of their decisions should be supported by at least two different types of research. Candidates too often relied solely on their limited primary research to inform decisions within their business plan. Some business plans were based on extremely limited research and lacked any sense of viability.

Candidates are required to use a variety of statistical techniques when analysing their data. The frequent use of '10 out of 20 stated', and 'the majority of respondents said' will only achieve Mark Band one for analysis. Frequently, candidates produced pages of computer generated graphs and charts which lacked analysis and which gained no marks at all. Candidates should be drawing conclusions throughout their analysis of the primary and secondary data which will then be used within their own business plans.

### **AO4**

In order to achieve this AO, candidates are required to prioritise the constraint they feel will have the greatest impact on their business plan. This was lacking in the work of the weaker candidates. If there is no evidence of prioritisation candidates cannot achieve Mark Band 3.

Having prioritised the constraints, candidates must then consider the impact each one would have on the implementation of their plan. Reference to their initial research must be made. Candidates were unable to access the higher grades as they often failed to consider the 'knock on' effect that a constraint might have on other aspects of their business plan. For example, if we consider finance as the main constraint - without adequate funds the business may not be able to undertake the marketing it initially identified. This might then limit the number of customers who would become aware of the business and, hence, decrease the number of sales. Candidates often only considered 'short term' impacts and failed to consider the 'long term' implications of some constraints. For example, environmental concerns are currently headline news and possible legislation could have an impact on the business in the long term.

### **F250 Managerial and supervisory roles**

This unit is a complex unit to complete and candidates need clear guidance as to how to differentiate their evidence for AO2 and AO3. Candidates need to be very clear about the information they are trying to obtain from their selected manager/supervisor.

The unit has the same behaviour patterns as unit 8, Understanding Production, in the AS specification. Candidates need to undertake their research following section 11.2.3 of the specification. They should then produce a basic analysis of their questionnaire, pulling out examples which will support their report. Having completed their research, candidates should then complete their report which forms AO2. Some of their analysis will be evident within this report and, therefore, credit for AO3 can be awarded here as well.

The main problem with the unit, at this stage, is candidates muddling their AO2 and AO3 evidence. There is often no stand alone report produced. Some candidates only focused their analysis and subsequent conclusions on management styles and motivational theorists. They omitted to describe how their manager performs their role (11.2.1) – planning, organising, etc.

The higher scoring candidates were those who had been able to gain good access to their selected manager/supervisor through work experience or work shadowing. Candidates who had only interviewed a manager/supervisor were less able to gain sufficient information to fully cover section 11.2.1 due to lack of observation of their selected manager/supervisor 'in action'. The knock on effect of this was that candidates were often unable to substantiate the statements which they were making through the use of examples.

### **AO1**

In order to achieve this AO, candidates need to produce theoretical coverage of sections 11.2.1 (both sets of bullet points) – the business context in which the report will take shape, 11.2.3, the last section under secondary research; different types of managerial/supervisory styles, motivational theorists; and, finally, 11.2.5 evaluation of the factors which can influence the environment in which a manager/supervisor performs her/his role.

The theoretical section under 11.2.3 (research) also forms part of the candidates' AO3 evidence. It was often apparent that candidates had only used one source when researching different manager/supervisor styles and motivational theorists. This had the impact of potentially lowering their AO3 mark

Generally candidates completed this section successfully. The higher performing candidates used examples to illustrate section 11.2.5 which worked particularly well and demonstrated their depth and breadth of understanding.

### **AO2**

Candidates should produce a stand alone report which clearly outlines how their selected manager/supervisor approaches his/her current managerial/supervisory role within the selected business. This report should be fully supported through the analysis undertaken by the candidate in AO3.

In order to gain the higher marks, candidates need to ensure that their report includes the following points:

How their selected manager/supervisor:

- plans
- organises
- motivates
- monitors and directs
- problem solves
- trains and mentors
- appraises.

All of these bullet points need to be supported with examples. For example, the candidates should use a scenario which clearly outlines how the manager/supervisor plans their day, week, month, etc.

The next stage is for the candidate to consider how each of the following affects the managerial/supervisory set-up within the selected business:

- culture of the organisation
- objectives of the organisation
- structure of the organisation
- availability of resources within the organisation.

This section could form part of the candidate's introduction to their report.

The final stage involves the candidate describing which type of management style(s) their manager uses and how this link to motivational theorists.

The candidates sampled during the session generally had made good links with businesses and arranged interviews with relevant managers. Their questionnaires were often correctly targeted but failed to provide sufficient information for the candidate to cover the first set of bullet points in sufficient depth. The higher scoring candidates were those who either worked with the selected manager/supervisor or who were able to work shadow their selected manager/supervisor. In order to achieve Mark Band 3, candidates will be required to provide examples of how their manager deals with each of the sections outlined above.

### **AO3**

In order to achieve this AO candidates need to focus on sections 11.2.2 and 11.2. 3 of the specification (page 117). Primary research focuses on interviews with the selected manager and fellow workers. Secondary research informs both AO3 and part of AO1 as this focus on different types of managerial/supervisory styles and motivational theorists.

Candidates sampled this session had achieved a face to face discussion with their selected manager/supervisor and often also fellow workers. There was also evidence of candidates following the guidelines on the type of questions which should be asked during the interviews. However, candidates were not always able to analyse this information in order to compile their report. Their analysis should enable them to cover section 11.2.1 of the specification.

### **AO4**

Candidates must make reference to section 11.2.5 (page 118) of the specification before tackling this AO.

This section does not lend itself particularly well to prioritisation. Candidates often have to use possible scenarios in order evaluation the factors which they think would have the greatest influence on the environment in which the manager/supervisor performs his/her role. It was therefore considered that Mark Band 3 could be awarded for this unit without the clear demonstration of prioritisation. However, candidates will still need to consider the short term and long term impacts of their statements in order to achieve Mark Band 3.

The key word in this section is 'influence the environment'. Therefore candidates need to link the analysis of their research into the current culture, objective, structure and availability of resources (11.2.1) when undertaking this section.

### **F251 Launching a business on line**

The interpretation of the evidence candidates need to produce has caused a number of centres a few problems. The banner clearly states that – 'You will produce an e-commerce strategy for a business which has yet to develop e-commerce provision'. Some Centres had selected businesses which already have a website and provide the facilities for customers to purchase their products on line. The subsequent consequence of this was that candidates were merely reiterating what the business was actually already doing.

Candidate's success in this unit is going to be linked to the selection of the correct business. It is a unit which could lend itself to a case study as long as it is sufficiently detailed to enable candidates to access the higher marks available.

## **AO1**

This AO states – ‘Your understanding of how e-commerce would be used by your chosen business, the benefits and drawbacks of e-commerce provision to your business and the issues in setting up and running a website.’ Ultimately, OCR will be accepting evidence which is either linked to the selected business or presented in purely theoretical terms. Candidates need to ensure they cover the three distinct sections of 12.2.2 – how e-commerce would be used by the business, benefits and drawbacks of such a policy and 12.2.5 the issues involved with setting up and running a website. Both sections must be covered here, front end and back end.

In order to help candidates achieve the higher marks OCR would suggest that this section is tackled from a theoretical view point, with candidates using a variety of examples taken from a range of different businesses to demonstrate clear and comprehensive coverage.

## **AO2**

Candidates are required to produce the front end of the website, which is directly applied to the requirements of the selected business. The front-end of the e-commerce strategy can be presented in one of three ways:

- PowerPoint slides
- Internet itself
- Concept board with accompanying text.

It was good to see some excellent practice with candidates clearly illustrating how their website would work – this included the front page right through to the point of sale. Some candidates had only produced the home page of their website giving limited explanations of the recommended hyperlinks. As stated above candidates need to produce a variety of slides, concepts or web pages which clearly show how at least one hyperlink would work right through to the final purchase of the product/service.

There should be clear evidence that the proposal is based on the analysis of their research undertaken in AO3.

In order to secure top marks for this AO, candidates should consider explaining how their website would meet all of the bullet points listed under 12.2.5 - Front End. This will also enable the candidates to clearly link their research to their final product.

## **AO3**

Candidates must show evidence of planning their research in order to fulfil the demands of 12.2.3 – planning the strategy. A well laid out plan should enable candidates to correctly target their research.

Candidates’ primary research should focus on the questionnaires and surveys with potential customers, discussions with website designers and, finally, a discussion with the selected business concerning what it hopes to achieve through the development of an e-commerce provision.

Candidates' secondary research should analyse similar websites which are marketing a similar portfolio of products to the selected business. Candidates should use the following headings when analysing competitor's websites:

- availability
- image
- product information
- accessibility
- security
- user-friendliness
- aesthetics
- ease of payment.

In order to achieve the higher marks, candidates should then draw a conclusion from their analysis clearly stating how this research will influence the development of their own website.

Higher level candidates had used the above bullet points to structure their analysis clearly stating how their findings would influence the development of their own website. Unfortunately a lot of candidates had completed a simplistic analysis of competitor websites often failing to follow the bullet points above. Having completed their analysis, they failed to draw conclusions concerning how this would influence the development of their own website.

#### **AO4**

Candidate's evaluations should focus on what measures they would take to deal with the manageability of the back end of the website. Candidates should be guided by the bullet points under 12.2.5 (page 129). Candidates need to prioritise the issue they feel would have the greatest influence on the manageability of the website for their selected business.

Candidates can only achieve Mark Band 3 if their statements, conclusions and evaluations make direct linkage to the research undertaken in AO3. They also need to consider short term, long term, success and potential failure whilst drawing their conclusions.

#### **F252 Promotion in Action**

This is a particularly popular unit. However there does appear to be some misunderstanding about the evidence candidates are expected to produce. Candidates are required to produce a promotional strategy (at least two promotional media) for promoting a new product or service of their choice. On page 141 of the specification it clearly states that candidates should 'choose a business with an already varied product portfolio, allowing them to suggest a new product to add'. It also states that it would also help if the product chosen allowed candidates to demonstrate creative skills by coming up with an original idea, as otherwise candidates will be tempted to stick too closely to current promotional activity used by their chosen business.

Candidates must remember that this is a unit based on promotion and not just another re-run of their original marketing assignment. There was a lot of evidence of candidates appearing to be confused about what they were actually trying to achieve whilst conducting their research. There was also evidence of candidates trying to 're-vamp' their marketing assignments in order to achieve this unit. Unfortunately this does not work as the research often has the wrong emphasis with candidates merely demonstrating a need for the new product or service rather than ideas concerning how it could be effectively promoted.

## **AO1**

Candidates are required to provide theoretical coverage of 13.2.5 – the various forms promotional activity can take and how and when each form of promotional activity is used. From 13.2.6 they need to cover internal and external factors which can influence promotional activity. OCR would encourage all candidates to use a wide range of examples throughout this section in order to demonstrate their breadth and depth of understanding.

On the whole this section was completed well by the majority of candidates. Some had chosen to link this section to their selected business which is quite acceptable as long as each aspect is covered in sufficient depth.

## **AO2**

Candidates are required to produce two final concepts of their promotional material and the rationale behind their development.

When moderating the portfolios, it was often extremely difficult to see the links between the candidate's research and their final products. All too often candidates also failed to produce any form of rationale for their choice of media. The main reason for this was their lack of targeted and accurate research carried out in AO3.

## **AO3**

The starting point for this AO is 13.2.3 the planning of the strategy. The second set of bullet points should help the candidates focus on the type of questions they should be asking within their questionnaires.

If the candidates have not described how promotional activity takes place within their chosen business for its current range of products/services in AO1 they need to do so as an introduction to this section. This evidence could support their AO1 mark.

Candidates need to make reference to 13.2.4 to establish the kind of research they should be conducting. When conducting their primary research, their main focus should be on the second bullet point. Candidates need to ensure that they focus on the types of promotional features which attract customers to purchase products or services. They should also try and establish what types of promotional campaign will meet the second set of bullet points in 13.2.3. Too often candidates slanted their questionnaires too heavily to finding out what type of product/service customers wanted. To some extent candidates need to assume there is already a demand for their selected new product or service and concentrate on how they are going to encourage people to 'buy in' through the use of promotional media.

Candidates' secondary research should focus on how other businesses especially competitors promote a similar range of products or services. When analysing this data candidates should use the following headings:

- aesthetics
- message
- fitness of purpose
- originality
- communication.

Evidence of the use of these headings was often lacking in the lower level candidates.

Candidates' final analysis was often lacking. A wide range of candidates who had used Cadburys only wanted to advertise through the continued sponsorship of Coronation Street. They failed to state what the viewing figures were, what age ranges watched this programme – did this actually match their target audience? In order to achieve Mark Band 3, candidate's analysis must be backed up through wide ranging research. This should include readership numbers, age profiles, cost, etc. Some candidates designed leaflets but failed to consider the cost of distribution or even how and to whom they were going to be distributed.

Often this section of candidates' work lacked detailed analysis and was, therefore, unable to access the higher marks.

#### **AO4**

Candidates need to prioritise the internal and external influences which they feel would have the greatest impact on their promotional activity. Their evaluations must be clearly linked back to initial research. Often candidates were unable to fully evidence the internal constraints as they had not clearly stated what these were at the beginning of the assignment. Few candidates were able to show any understanding of costing due to weak research.

Candidates' coverage of external influences was generally better as they could relate these areas to their own strategies.

Once again very few candidates considered possible failure and often did not consider a chain of events, short and long term implications.

#### **F253 Creating a Financial Strategy**

Candidates had all correctly used the stimulus material supplied by OCR which focuses on Sally Small whose business sells school uniforms.

There were a variety of different approaches to this unit. In some centres, all the candidates' work contained the same errors. This is an area that needs addressing before further submissions. If work is found to be identical in future submissions the centre may be reported for malpractice. In other centres, candidates had worked under test conditions and their work achieved the full range of marks.

Although OCR does not specify how the unit should be tackled but identical work for AO2 would not be anticipated – except where it is 100% correct.

As the unit currently stands, it does require a specialist accounts teacher to teach the unit or at least be available for help and guidance. Some of the tasks within the case study do require a sound understanding of double entry book-keeping and this lack of specialist knowledge by teachers led to the downfall of some candidates.

There have also been a lot of comments which qualified accountants also found the case study challenging, which of course they would as they are sufficiently qualified to only interpret accounts and pay other people to prepare them. This is the angle from which this case study has been written.

#### **AO1**

Candidates achieve this objective through the coverage of task A. Candidates are required to provide detailed coverage of each of the sub-sections (i)–(v). Whilst candidates often provided detailed theoretical coverage of sections (i) and (ii), the depth of the work often tailed off from this point. Candidates often completely missed out the second section of (iii) – 'you need to

demonstrate your understanding that this information can be found from various source documents, including invoices, credit notes, bank records, eg direct debits and till receipts'. The evidence produced for (iv) had been completed with various degrees of success. Those candidates who had produced the book-keeping guide for 'dummies' often did this section particularly well. Others merely copied examples out of the textbook. Section (v) was often missed by centres or coverage was weak. This was supported by candidates' inability to correct errors through the use of the Journal and suspense account. More in depth teaching of this section would give candidates greater skills when completing the activities set in AO2.

## **AO2**

Candidates achieve this AO through the completion of tasks B, C and D.

There was a mixed response to this task B. There were obvious cases where centres had delivered this section as a class exercise with candidates all having identical accounts and errors. Other centres had undertaken the section under exam conditions with candidates producing very individual work. It was surprising to see that few centres made use of the three column cash book preferring to use separate bank, cash, discount received and discount allowed accounts. The main error focused around the rent payable account with many centres thinking that it balances on the credit side. This is an expense and the rule 'debit the receiver and credit the giver' still applies. Therefore, the bank has paid out the money – credit, the rent payable account has received the value as an expense of the business – debit.

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The writer's answers are illustrated below for Task B

**L Hill (Debtor)**

01 May 2006	Balance b/d	190	01 May 2006	Bank	98
01 May 2006	Sales	127	01 May 2006	Discount Allowed	2
			01 May 2006	Balance c/d	217
		<u>317</u>			<u>317</u>
02 May 2006	Balance b/d	217			

**S Branson (Debtor)**

01 May 2006	Balance b/d	326	01 May 2006	Balance c/d	412
01 May 2006	Sales	86			
		<u>412</u>			<u>412</u>
02 May 2006	Balance b/d	412			

**B Smale (Debtor)**

01 May 2006	Balance b/d	294	01 May 2006	Sales Returns	20
			01 May 2006	Bank	250
			01 May 2006	Discount Allowed	24
		<u>294</u>			<u>294</u>

**Royal Worldsley (Creditor)**

01 May 2006	Purchases Returns	162	01 May 2006	Balance b/d	4948
01 May 2006	Bank	1400	01 May 2006	Purchases	652
01 May 2006	Discount received	28	01 May 2006	Purchases	762
01 May 2006	Balance c/d	4772			

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<u>6362</u>		<u>6362</u>	
	02 May 2006	Balance b/d	<u>4772</u>

**DK Ties and Badges (Creditor)**

01 May 2006	Purchases Returns	89	01 May 2006	Balance b/d	1092
01 May 2006	Bank	955	01 May 2006	Purchases	691
01 May 2006	Discounts received	45			
01 May 2006	Balance c/d	694			
		<u>1783</u>			<u>1783</u>
			02 May 2006	Balance b/d	694

**Sales**

01 May 2006	Balance c/d	117215	01 May 2006	Balance b/d	116735
			01 May 2006	S Branson	86
			01 May 2006	L Hill	127
			01 May 2006	Bank	267
		<u>117215</u>			<u>117215</u>
			02 May 2006	Balance b/d	117215

**Purchases**

01 May 2006	Balance b/d	78310	01 May 2006	Balance c/d	80415
01 May 2006	Royal Worldsley	652			
01 May 2006	DK Ties & Badges	691			
01 May 2006	Royal Worldsley	762			
		<u>80415</u>			<u>80415</u>
02 May 2006	Balance b/d	80415			

**Rent**

01 May 2006	Balance b/d	2500	01 May 2006	Balance c/d	2750
01 May 2006	Bank	250			
		<u>2750</u>			<u>2750</u>
02 May 2006	Balance b/d	2750			

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**Rates**

01 May 2006	Balance b/d	1200	01 May 2006	Balance c/d	3000
01 May 2006	Bank	1800			
		<u>3000</u>			<u>3000</u>
02 May 2006	Balance b/d	3000			

**Discounts allowed**

01 May 2006	Balance b/d	354	01 May 2006	Balance c/d	380
01 May 2006	Cash Book	26			
		<u>380</u>			<u>380</u>
02 May 2006	Balance b/d	380			

**Discounts received**

01 May 2006	Balance c/d	225	01 May 2006	Balance b/d	152
			01 May 2006	Cash Book	73
		<u>225</u>			<u>225</u>
			02 May 2006	Balance b/d	225

**Sales Returns**

01 May 2006	Balance b/d	107	01 May 2006	Balance c/d	127
01 May 2006	B Smale	20			
		<u>127</u>			<u>127</u>
02 May 2006	Balance b/d	127			

**Purchases Returns**

01 May 2006	Balance c/d	2695	01 May 2006	Balance b/d	2444
			01 May 2006	Royal Worldsley	162
			01 May 2006	DK Ties	89
		<u>2695</u>			<u>2695</u>
			02 May 2006	Balance b/d	2695

**EITHER**

**Cash Book**

	<u>Disc</u>	<u>Cash</u>	<u>Bank</u>		<u>Disc</u>	<u>Cash</u>	<u>Bank</u>
1 May 06		38	4369	01 May 2006			250
1 May 06			267	01 May 2006			1800
1 May 06	24		250	01 May 2006			1400
1 May 06	2		98	01 May 2006	45		955
				01 May 2006		38	579
	<u>26</u>	<u>38</u>	<u>4984</u>		<u>73</u>	<u>38</u>	<u>4984</u>
2 May 06		38	579				

**OR**

**Cash in Hand**

01 May 2006	Balance b/d	<u>38</u>	01 May 2006	Balance c/d	<u>38</u>
02 May 2006	Balance b/d	38			

**Bank**

01 May 2006	Balance b/d	4369	01 May 2006	Rent	250
01 May 2006	Sales	267	01 May 2006	Rates	1800
01 May 2006	B Smale	250	01 May 2006	Royal Worldsley	1400
01 May 2006	L Hill	98	01 May 2006	DK Ties	955

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	<u>4984</u>	01 May 2006 Balance c/d	<u>579</u>
02 May 2006 Balance b/d	<u>579</u>		<u>4405</u>

*Report on the Units taken in June 2007*

Task C – Candidates were generally able to complete part (i) successfully identifying the trial balance contained an error and placed this in the suspense account. In order to complete (ii) candidates were required to resolve the errors through the use of a journal. Correct completion of the journal would have identified which errors affected the suspense account. Carrying these over to the suspense account opened in (i) would have cleared the balance. Candidates were often able to complete (iii) successfully even if they had failed to use a journal and suspense account in (ii).

The writer's answers are illustrated below for Task C

**TASK  
C**

**TRIAL BALANCE OF SALLY SMALL AS AT 15 MAY 2006 (BEFORE ADJUSTMENTS)**

	<u>DR</u>	<u>CR</u>
	£	£
Sales		122496
Purchases	81869	
Stock at 1 June 2005	41082	
Wages	4471	
Fixtures and fittings at cost	11500	
Provision for depreciation F&F at 1 June 2005		2450
Bad debts	32	
Provision for doubtful debts at 1 June 2005		10
General expenses	5184	
Rent payable	2750	
Drawings	1533	
Sales returns	164	
Purchases returns		2973
Loan interest	600	
Capital		19555
Telephone expenses	1244	
Loan at 12% per annum		10000
Cash in hand	139	
Rates	2675	
Light and heat	2069	
Bank	3284	
Discounts allowed	388	
Discounts received		218
L Hill (Debtor)	399	
S Branson (Debtor)	593	
B Smale (Debtor)	408	
Royal Worldsley (Creditor)		4891

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DK Ties & Badges (Creditor)		743
Carriage inwards	2204	
Carriage outwards	572	
Suspense account	176	
	<u>163336</u>	<u>163336</u>

ERRORS

<u>1</u>			
DR	B Smale	100	
CR	S Branson		100
<u>2</u>			
DR	General expenses	240	
CR	Suspense		240
<u>3</u>			
DR	Discounts allowed	14	
CR	Discounts received		14
<u>4</u>			
DR	General expenses	20	
CR	Bank		20
<u>5</u>			
DR	Suspense account	64	
CR	Bank (Cash Book)		64

**Suspense A/c**

15 May	Balance		15 May		
2006	b/d	176	2006	Error 2	240
15 May					
2006	Error 5	64			
		<u>240</u>			<u>240</u>

**TASK  
C**

**TRIAL BALANCE OF SALLY SMALL AS AT 15 MAY 2006 (AFTER ADJUSTMENTS)**

	<u>DR</u> £	<u>CR</u> £
Sales		122496
Purchases	81869	
Stock at 1 June 2005	41082	
Wages	4471	
Fixtures and fittings at cost	11500	
Provision for depreciation F&F at 1 June 2005		2450

*Report on the Units taken in June 2007*

Bad debts	32	
Provision for doubtful debts at 1 June 2005		10
General expenses	5444	
Rent payable	2750	
Drawings	1533	
Sales returns	164	
Purchases returns		2973
Loan interest	600	
Capital		19555
Telephone expenses	1244	
Loan at 12% per annum		10000
Cash in hand	139	
Rates	2675	
Light and heat	2069	
Bank	3200	
Discounts allowed	402	
Discounts received		232
L Hill (Debtor)	399	
S Branson (Debtor)	493	
B Smale (Debtor)	508	
Royal Worldsley (Creditor)		4891
DK Ties & Badges (Creditor)		743
Carriage inwards	2204	
Carriage outwards	572	
	<b>163350</b>	<b>163350</b>

Task D – the extended trial balance was completed with a mixture of success and was often the weakest part of this AO. The final accounts of the business had usually been completed using an acceptable layout and often arriving at the correct net profit figure. It was disappointing to see so many centres where candidates had identical Trading Profit and Loss accounts which contained the exactly the same errors. This was also reflected within the Balance Sheets produced.

The results from this task are used by the candidates as part of their AO3 evidence. If they had made errors within these accounts the ‘own figure rule’ applied to their analysis, and final evaluations. Candidates were not penalised twice.

When assessing this section, teachers must refer back to the unit grading grid. In order to achieve Mark Band 3 there should be few, if any, errors or weaknesses present within them, and accounts must be presented in an appropriate professional format.

A few candidates submitted hand written accounts which were difficult to read and, therefore, they could not achieve Mark Band 3 simply on their layout alone.

Report on the Units taken in June 2007

The writer's answers are illustrated below for Task D

**TASK D**

**EXTENDED TRIAL BALANCE FOR SALLY SMALL AS AT 31 MAY 2006**

	<u>TB</u> £	<u>TB</u> £	<u>ADJ</u> £	<u>ADJ</u> £	<u>TP&amp;L</u> £	<u>TP&amp;L</u> £	<u>BS</u> £	<u>BS</u> £
Sales		127625				127625		
Purchases	85429				85429			
Stock at 1 June 2005	41082				41082			
Wages	4665				4665			
Carriage inwards	2300				2300			
Carriage outwards	597				597			
Fixtures and fittings at cost	11500						11500	
Provision for depreciation F&F at 1 June 2005		2450		1725				4175
Bad debts	35				35			
Provision for doubtful debts at 1 June 2005		10		38				48
General expenses	5667				5667			
Rent payable	2750		250		3000			
Drawings	1600						1600	
Sales returns	171				171			
Purchases returns		3102				3102		
Loan interest	600		600		1200			
Capital		19555						19555
Telephone expenses	1407				1407			
Loan at 12% per annum		10000						10000
Cash in hand	41						41	
Rates	2675			1050	1625			
Light and heat	2104				2104			
Bank	4735						4735	
Discounts allowed	419				419			
Discounts received		351				351		
L Hill (Debtor)	229						229	
S Branson (Debtor)	410						410	
B Smale (Debtor)	321						321	

Report on the Units taken in June 2007

Royal Worldsley (Creditor)	4481						4481
DK Ties & Badges (Creditor)	1163						1163
Closing stock at 1 June 2005		35263				35263	
Closing stock at 1 June 2005			35263		35263		
Accruals			250				250
Provision for doubtful debts movement		38		38			
Prepayment		1050				1050	
Depreciation Fixtures and fittings		1725		1725			
Accrued interest			600				600
NET PROFIT				14877			14877
	168737	168737	38926	38926	166341	166341	55149
		0		0		0	0

**TASK  
D**

**Trading Profit and Loss Account for Sally Small for the year ended 31 May 2006**

Sales		127625
Sales returns		<u>171</u>
		127454
Opening stock	41082	
Purchases	85429	
Purchases returns	3102	
Carriage inwards	2300	
Closing stock	<u>35263</u>	
<b>COST OF SALES</b>		90446
<b>GROSS PROFIT</b>		<u>37008</u>
Discounts received		<u>351</u>
		37359
Wages	4665	
Carriage outwards	597	
Bad debts	35	
General expenses	5667	
Rent payable	3000	
Loan interest	1200	
Telephone expenses	1407	
Rates	1625	
Light & heat	2104	
Discounts allowed	419	
Depreciation fixtures & fittings	1725	
Provision doubtful debts movement	38	
		<u>22482</u>
<b><u>NET PROFIT</u></b>		<u><u>14877</u></u>

**Sally Small Balance Sheet as at 31 May 2006**

<b>FIXED ASSETS</b>				
Fixtures and fittings		11500	4175	7325
<b>CURRENT ASSETS</b>				
Stock	35263			
Debtors	912			
Prepayments	1050			
Bank	4735			
Cash in hand	<u>41</u>			
		42001		
<b>AMOUNTS DUE WITHIN 12 MONTHS</b>				
Creditors	5644			
Accruals	<u>850</u>			
		<u>6494</u>		
<b>NET CURRENT ASSETS</b>				
				<u>35507</u>
				42832
<b>LONG TERM LIABILITIES</b>				
Loan at 12% per annum				<u>10000</u>
				<u><u>32832</u></u>
<b>FINANCED BY</b>				
Capital	19555			
Drawings	1600			
Net Profit	14877			
				<u><u>32832</u></u>

**WORKINGS ONLY**

**Sally Small Balance Sheet as at 31 May 2004**

FIXED ASSETS				
Fixtures and Fittings		7000	900	6100
CURRENT ASSETS				
Stock	12500			
Debtors	200			
Prepayments	400			
Bank	543			
Cash	68			
			13711	
AMOUNTS DUE WITHIN 12 MONTHS				
Creditors	1600			
Accruals	500			
			2100	
<b>NET CURRENT ASSETS</b>				<b>11611</b>
				<b>17711</b>
LONG TERM LIABILITIES				
Loan 12%				10000
				<b>7711</b>
FINANCED BY				
Capital	4000			
Drawings	500			
Net Profit	4211			
				<b>7711</b>

**Sally Small Balance Sheet as at 31 May 2005**

FIXED ASSETS				
Fixtures and Fittings		11500	2450	9050

Report on the Units taken in June 2007

CURRENT ASSETS

Stock	21783
Debtors	537
Prepayments	380
Bank	2216
Cash	<u>74</u>

24990

AMOUNTS DUE WITHIN 12 MONTHS

Creditors	3095
Accruals	<u>500</u>

3595

**NET CURRENT ASSETS**

21395  
30445

LONG TERM LIABILITIES

Loan 12%

10000  
20445

FINANCED BY

Capital	7711
Drawings	1000
Net Profit	13734

20445



**AO3**

This AO was based on responses to tasks E and F.

There was a wide variety of evidence produced for task E which was all acceptable to meet the requirements. Where candidates had collected a variety of different final account templates it would have been nice to see some form of analysis. Some centres must place more emphasis on this task as it does count towards the grade that can be awarded for this AO.

Within task F, as stated above, the 'own figure rule' was applied. Generally, candidates were able to correctly calculate the relevant ratios. Their interpretation of these ratios was, however, rather mixed.

Some candidates simply stated the theory behind the ratio and failed to make any linkage to the case study. The higher scoring candidates did try and relate their evidence back to the case study. It was surprising how many candidates did not understand that an increase in sales on its own will not increase profit margin. Very few candidates were able to link ratios together – for example – gross profit margin will have an impact on net profit margin. They were, therefore, unable to access Mark Band 3 because of a failure to demonstrate integrated and strategic thinking.

Report on the Units taken in June 2007

The writer's answers are illustrated below for Task F

**TASK  
F**

	2006		2005		2004	
<b>GROSS PROFIT PERCENTAGE</b>						
	37008	29.04%	30214.8	40.12%	11580.25	34.78%
	127454		75320		33300	
<b>NET PROFIT PERCENTAGE</b>						
	14877	11.67%	13734	18.23%	4211	12.65%
	127454		75320		33300	
<b>EXPENSES % SALES</b>						
	22131	17.36%	16480.8	21.88%	7369.25	22.13%
	127454		75320		33300	
<b>DEBTOR COLLECTION PERIOD</b>						
	912	26.08 days	537	52.05 days	200	43.84 days
	12762.5		3766		1665	
<b>CREDITOR PAYMENT PERIOD</b>						
	5644	26.34 days	3095	21.86 days	1600	17.96 days
	78210.65		51668.6		32509	

Report on the Units taken in June 2007

STOCK TURNOVER	38172.5 90446	154 days	17141.5 45105.2	139 days	6250 21719.75	105 days
CURRENT RATIO	42001 6494	6.47 : 1	24990 3595	6.95 : 1	13711 2100	6.53 : 1
ACID TEST RATIO	6738 6494	1.04 : 1	3207 3595	0.89 : 1	1211 2100	0.58 : 1
ROCE	14877 42832	34.73%	13734 30445	45.11%	4211 17711	23.78%

**TASK  
E**

**Interpretation of ratios**

- Sally has a steadily increasing GP and NP % showing improvements each year and demonstrating improved control of expenses.
- The debtor collection period has also decreased showing an increase in control of credit offered.

Sally has obviously produced a credit control policy and ensures this is strictly adhered to if she is to avoid cash flow problems and high costs of bad debts.

*Report on the Units taken in June 2007*

- In sharp contrast the creditor payment period is just over 30 days whilst this has increased it clearly shows that as the minimum credit offered is 30 days Sally cannot be taking advantage of her full credit facility. Stockturn is very poor - 2005 was the best year for this ratio but even so stock held equates to nearly 5 months. In 2006 this figure rose to 6 months stock showing a lack of control of stock levels and it should not be larger than the delivery period from your suppliers however bulk discounts can affect the decision. There is a huge amount of cash tied up in stock which could mean the difference between Sally's business surviving and closing. There are also costs to the business in holding such large amount of stock namely space ( this could be used as selling space), insurance and the risk of damage. Also as Sally is aware the changes at the high school may mean that the stock is no longer saleable and therefore will have to be written off and charged as an expense to the business. As the stock levels are much higher than the annual profit in 2006 if this were to happen it could result in Sally making a loss in the next year.
- The current ratio looks very healthy with nearly 6.5 times current assets to current liabilities however this figure is significantly distorted by the very high stock levels, the acid test ratios a more cautious measure and, this is particularly applicable to Sally as some or all of her stock may be written off and at best will not be sold for up to 6 months - much longer than the creditor period. The acid test ratio shows a different picture with 2006 being the best year with just being able to cover current liabilities by its current assets excluding stock. The ratios indicated that there was a serious problem in 2004 and whilst it improved in 2005 is still did not equate to the desirable figure of 1.
- Return on capital employed has risen over the years, as capital and long term liabilities are relatively small in comparison to profits generated.

#### **AO4**

Task G had to be completed in order to achieve this AO. Although the case study did not indicate that candidates should prioritise their ideas this is part of all AO4 criteria. Candidates were not penalised for omitting to do so during this moderation session. It is, however, a point which centres should consider for future submissions.

A lot of candidates improved their initial AO3 mark here as they began to fully develop the analysis and the impact of the ratios calculated in AO3.

The higher level candidates remained focused on the idea that Sally wanted to improve profitability and clearly linked their responses to the issues raised within the case study. Lower level candidates suggested a number of things that Sally could do but failed to link them to the idea of increasing the overall profitability of the business. Some centres had undertaken detailed research into the trends within the sale of school uniform business. It was a shame that often this had not been fully utilised.

It was pleasing to see that even those candidates who had not scored highly throughout AO2 were able to score well in this section. These candidates had made excellent use of the case study to suggest a variety of different ways that Sally could improve her profitability.

Candidates should remember that this task does direct them to write a report to Sally. Often their evidence was not presented in this format.

The writer's answers are illustrated below for Task F.

**TASK  
G**

**Evaluation of business against stated strategy**

As Sally's financial strategy was relatively unambitious in survival being the aim she has succeeded. Three years after starting in business she has survived and is making about £500 per week in net profit. Many small businesses mistakenly focus on making a profit rather than cash management which is the major threat to Sally's future survival. Cash flow is poor with huge amounts of money tied up in stock and the debtor collection period being half as long as the creditor payment period.

**Where the business goes from here and how to get there**

There are a number of directions which could be suggested including:-

- Increase customer base
- Expand her market
- introduce product ranges
- Review cost base
- Review/expand existing premises
- Cash management

**Short term plans should include Cash Management**

Sally must concentrate on cash management and the control of expenses as her main focus for the next year whilst still maintaining margins.

**Cash management for Sally should be concentrated in three areas:-**

1. reduce stock levels to an absolute minimum, discuss delivery times carefully with suppliers to ensure that stock held does not exceed manufacturer's delivery times. It may be useful to analyse

stock  
and sales in relation to schools as it may be that there is a difference between schools  
which can  
be  
managed.

2. whilst in discussion with suppliers on delivery times it is also opportune to discuss better credit terms as

Sally has been trading for three years and has established good credit and a good business.

It is important that Sally takes full advantage of credit offered by her suppliers.

3. create a strict credit control policy, as the business grows so will the debtors and the bad debts will grow

disproportionally if such a policy is not implemented. Customers should be checked before offering credit, any late payers should be chased up by letters and phone calls and the discounts offered should be reviewed to ensure it is real incentive for customers to pay early.

Sally should not consider expansion until the above credit management policy is fully operational and she is in full control of her cash management.

#### **Review her cost base**

Sally needs to ensure that she takes control of her costs to ensure that her expenses are kept to a minimum and are carefully controlled ensuring a better net profit percentage.

#### **Longer term plans will be varied, there should be an evaluation of how the recommendations will be funded**

##### **Increase Customer base**

Sally may want to offer existing clothes to more customers by on line selling and the development of a website

Sally might decide to advertise more aggressively to raise awareness of her products in the villages. She may also offer a delivery service to schools in the area.

**Expand her market/expand her product base**

Sally may decide to offer new product ranges - this should only be considered once the current stock levels are under control. She would need to do market research to ascertain demand for new products. This would reduce the risk in her current business. If schools change the uniform or decide to sell uniform themselves it would be disastrous for Sally's business. If she expanded her product base the risk would be reduced.

**Review/expand existing premises**

In view of the fact that the current premises are inhibiting expansion there should be careful consideration as to the cost of premises - does she need a high street shop - if so is this the most cost effective solution? Does Sally need to find cheaper premises (perhaps out of town) where there is more warehouse space? Will there be sufficient space in the existing premises if Sally reduces and takes control of her stock levels? How suitable are her current premises for future plans for the business.

**FUNDING**

Once Sally implements the short term plans of cash management and cost control she will have greater funds available to use within the business.

There are a number of alternative sources of capital to be considered such as:-

Obtaining a mortgage

Capital introduced by a partner

*Report on the Units taken in June 2007*

Loans      ...etc

In view of the specific reference in the case study to Sunil it is important that this option is carefully evaluated in the context of the recommendations.

Sunil's proposal initially looks attractive but it is difficult to fully evaluate it as the details have yet to be decided.

The questions to be asked are:-

Will Sunil bring any money to the business?

How many hours does Sunil plan to work in the business?

Will Sunil take sole control of building a web site and developing business from new areas

Does Sunil plan to take money out of the business or are you happy to plough back profits for the

next few years?

Will Sunil be able to help with the above cash management policy?

Will Sally and Sunil be able to work together as business partners - do they share the same goals?

Sunil would clearly bring extra expertise to the business and may be able to allow Sally some time off to attend specialist trade fairs. The expansion into having a web site and generating business from new markets would be good for the long term survival of the business but in the immediate future it should not involve investment in any more stock as cash management and cost control MUST be addressed as a priority over all other plans.

In conclusion Sally has developed a business with good profit margins however her focus on survival and profits has been at the expense of cash management. Controlling liquid resources whilst maintaining margins must be the sole focus for the next couple of years. When Sally is fully in control of her liquid resources she will be able to focus on her new aim

*Report on the Units taken in June 2007*

of increasing profitability.

These answers to Task G are an indication of areas students may explore, this answer is not meant to be exhaustive and any other valid alternative suggestions should be duly rewarded.

## **F254 Launching a New Product or Service in Europe**

This unit was a minority unit again for this moderation series. It is a difficult unit for candidates to access if they do not have an excellent link with their selected business.

One of the main problems with the work seen was the fact that candidates were trying to do this unit without an established link with their business. Research from the Internet will not provide candidates with sufficient detail to meet the demands of this unit.

OCR would recommend that Centres get candidates to start off their assignment by giving a brief overview of their selected business, product and to where they intend to export their product or service. This will enable teachers to ascertain if the candidate is able to gain sufficient information to meet the rigors of the unit.

### **AO1**

This section is based on the theoretical coverage of 15.2.2 and should focus on general trends within the European Union as a whole. Some candidates only focused in detail on the selected country to which they intended to export their product or service.

### **AO2**

This is the candidates' written summary which will show how their selected business will deal with the many issues it needs to consider when launching a product or service in European markets. Candidates should follow the bullet points outlined in 15.2.4 – second set of bullet points (page 162). The candidates' written summary must be based on the analysis of their research carried out in AO3.

Unfortunately, a lot of candidates simply stated that their selected business would have to deal with each of these points, but failed to provide their own strategy of how this might happen. Candidates really struggle to cope with this section due to their lack of research or inaccessibility to the information that is required to meet the rigors of this AO.

### **AO3**

Candidates must start off this section by showing evidence of planning their research, 15.2.3. Within their plan, candidates must consider their objective(s), types of research, and the sources of information they will use. Candidates should then be guided by section 15.2.4 when selecting the type of research methods they will use. Special attention should be given to the bullet points found on page 162. These are the main aspects which candidates need to research in order to be able to compile their written summary for AO2.

The main failing within this section was the fact that all too often candidates were trying to gain this information from a business' website. They had no inside contact and, therefore, the quality and depth of their information was insufficient for them to be able to complete a detailed analysis which would feed into their AO2 evidence.

### **AO4**

Candidates are required to prioritise the bullet points found under section 15.2.6 clearly stating which one they feel would have the most influence on the effectiveness of their strategy. As always, evaluations should be fully supported through the research conducted in AO3.

Unfortunately, the quality of the research undertaken for this unit was often weak and, therefore, the ability to develop a detailed evaluation was almost impossible.

## **F255 Training and Development**

The key to this unit is the link which candidates are able to build within their selected business. In order to complete the unit successfully, candidates need to be able to gain the following information:

- what competencies does the job, the person they are going to interview require? – this is usually taken from job descriptions/person specifications.
- what skills does the selected member of staff feel they have in relation to those stated on their job description/person specification?
- what skills does the selected member of staff feel they are lacking?
- what type of training would the potential employee feel would be beneficial to them?
- why does the selected business wish to upgrade the skills base of its staff?
- what will be the ultimate benefits to the business?

Unfortunately, this information was not available to a wide variety of candidates who attempted this unit.

### **AO1**

Candidates should provide theoretical coverage of sections 16.2.2, the business context within which the strategy will take place; 16.2.5, production of an action plan – candidates need to focus on the different training methods and initiatives that businesses could use; and, finally, 16.2.6, evaluation of effectiveness. In order to help demonstrate depth and breadth, candidates could include generic examples to develop the overall content of their theory.

The majority of candidates sampled completed this section satisfactorily.

### **AO2**

Candidates are required to produce training and development programmes for their two chosen functional areas. These must be directly related to their skills gap analysis conducted in AO3.

Candidates need to provide a detailed outline of exactly what their training programmes will entail. If they are intending to run 'internal courses' this should include information on the length of the course, aims and objectives, what workshops will take place, what these will entail and the learning outcomes for each. This is outlined in section 16.2.5. If candidates are recommending external training courses these should be fully explained.

The internal training programmes put forward for this series often lacked detail and did not directly link back to research undertaken. They were often too general with very little description of what the training was hoping to achieve for the individuals or the business. Other candidates simply stated they would be sending employees on external courses. They failed to provide detailed descriptions of the aims and objectives of these courses, costs or impact on the business.

### **AO3**

Whilst planning their research, candidates must be aware of the different types of training programmes that are available. They should consider that different employees will have preferred styles of learning and in order for training to be successful an attempt must be made to meet these individual needs.

Candidates' primary research should focus on their skills gap analysis, analysing the short, medium and long term business objectives and management views on possible training.

Candidates' secondary research should focus on the different types of training which is available. They should analyse a variety of courses in order to either select a suitable external course or to help them create in-house courses of their own.

Unfortunately, the majority of candidates sampled had been unable to obtain sufficient information in order to produce a detailed and useful skills gap analysis. Often the information gained from their questionnaires was vague and did little to inform their final training and development programmes. Candidates were also unable to link their analysis of how meeting employees training needs would ultimately benefit the business.

#### **AO4**

This section evaluates how the effectiveness of the candidate's training and development strategy could be affected by internal and external constraints. Candidates should be encouraged to use the bullet points in 16.2.6. In order to gain Mark Band 3, there must be evidence of prioritisation – which of the constraints does the candidate feel would have the greatest impact on the effectiveness of their training and development programme? Candidates often considered how the internal influences would affect overall training within the selected business rather than their own training strategy.

Within the portfolios there was often very little linkage here back to research undertaken in AO3. Candidates were also unable to consider a possible chain of events, short and long term impacts of their proposed training and development programme.

#### **Recommendations to Centres**

- Please adhere to deadlines for submitting MS1 forms and candidate work to the appointed Moderator.
- Please ensure that marks entered on MS1 forms match marks awarded on the Unit Recording Sheet.
- Please ensure that the total marks for all strands of a unit are correctly totaled 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 comments and location of evidence.
- Where there are 10 or fewer candidates for any unit, send all the candidate portfolios with the MS1 forms to the Moderator.
- If assignments are used, please include copies of assignment briefs with the work of the candidates.
- Assessors should provide clear written feedback to candidates, including what has and what has not been achieved.
- Candidates should be encouraged to adapt a structured approach to their work and present evidence clearly, eg. 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 evidence. Pages downloaded from the Internet do not constitute evidence.
- Ensure that internal moderation is carried out prior to external moderation.

**Applied GCE (Business) (H026/H226/H426/H626)  
June 2007 Assessment Series**

**Coursework Unit Threshold Marks**

Unit		Maximum Mark	a	b	c	d	e	u
<b>F240</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F241</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F244</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F245</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F246</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F247</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F249</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F250</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F251</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F252</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F253</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F254</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0
<b>F255</b>	Raw	50	42	37	32	27	22	0
	UMS	100	80	70	60	50	40	0

**Examined Unit Threshold Marks**

Unit		Maximum Mark	a	b	c	d	e	u
F242	Raw	100	78	68	59	50	41	0
	UMS	100	80	70	60	50	40	0
F243	Raw	100	79	72	65	58	52	0
	UMS	100	80	70	60	50	40	0
F248	Raw	100	79	70	62	54	46	0
	UMS	100	80	70	60	50	40	0
F256	Raw	100	74	66	58	50	43	0
	UMS	100	80	70	60	50	40	0
F257	Raw	100	76	70	64	58	53	0
	UMS	100	80	70	60	50	40	0

Specification Aggregation Results

Uniform marks correspond to overall grades as follows.

Advanced Subsidiary GCE (H026)

Overall Grade	A	B	C	D	E
UMS (max 300)	240	210	180	150	120

Advanced Subsidiary GCE (Double Award) (H226)

Overall Grade	AA	AB	BB	BC	CC	CD	DD	DE	EE
UMS (max 600)	480	450	420	390	360	330	300	270	240

Advanced GCE (H426)

Overall Grade	A	B	C	D	E
UMS (max 600)	480	420	360	300	240

Advanced GCE (Double Award) (H626)

Overall Grade	AA	AB	BB	BC	CC	CD	DD	DE	EE
UMS (max 1200)	960	900	840	780	720	660	600	540	480

*Report on the Units taken in June 2007*

**Cumulative Percentage in Grade**

Advanced Subsidiary GCE (H026)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>U</b>
3.5	16.3	37.2	59.7	80.3	100
There were 2449 candidates aggregating in June 2007					

Advanced Subsidiary GCE (Double Award) (H226)

<b>AA</b>	<b>AB</b>	<b>BB</b>	<b>BC</b>	<b>CC</b>	<b>CD</b>	<b>DD</b>	<b>DE</b>	<b>EE</b>	<b>U</b>
3.3	6.7	10.6	17.9	28.9	42.7	56.5	71.5	84.4	100
There were 630 candidates aggregating in June 2007									

Advanced GCE (H426)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>U</b>
4.3	20	44.9	72	91.2	100
There were 716 candidates aggregating in June 2007					

Advanced Subsidiary GCE (Double Award) (H626)

<b>AA</b>	<b>AB</b>	<b>BB</b>	<b>BC</b>	<b>CC</b>	<b>CD</b>	<b>DD</b>	<b>DE</b>	<b>EE</b>	<b>U</b>
1.9	5.6	10.3	21.4	36.4	49.3	62.2	75.6	89.2	100
There were 717 candidates aggregating in June 2007									

For a description of how UMS marks are calculated see;  
[http://www.ocr.org.uk/exam\\_system/understand\\_ums.html](http://www.ocr.org.uk/exam_system/understand_ums.html)

Statistics are correct at the time of publication.

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