

Applied Business

Advanced GCE A2 H426/H626

Advanced Subsidiary GCE AS H026/H226

Report on the Units

June 2009

H026/H226/MS/R/09

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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 the Principal Moderator and Principal Examiners for the GCE Applied Business June 2009 series follow this report. It is important that these targeted reports are studied carefully by Centres as they contain specific advice on how to prepare candidates for assessment in each and every unit of this qualification.

The best pieces of work which the assessment team were privileged to see, once again, embodied the very philosophy of applied qualifications - candidates applying what they had learned to a particular business under consideration. Centres and candidates should be extremely proud of the high quality, indeed professional standard of work, which these candidates presented.

Portfolio issues:

Candidates should be encouraged to produce carefully organised and well structured pieces of coursework throughout the qualification. Sub-headings (preferably taken from the specification) should be used wherever possible. Ideally pages should be numbered, if needs be in pen. In addition, the insertion of page numbers, by the Assessor, in the location section of the Unit Recording Sheet helps to ensure that, when submitted for moderation, no evidence is overlooked.

Detailed completion of the teacher comments' section of the Unit Recording Sheet, together with the appropriate assessment criteria references annotated on candidates' work, is extremely helpful, and time well spent. Such practice makes for the easier agreement of Centre-awarded marks by the moderating team.

It is the responsibility of Assessors to ensure the authenticity and sufficiency of the evidence submitted by candidates. Pages downloaded from the Internet do not constitute evidence in themselves because the candidate is unlikely to be the author of these pages. Internet printouts need to be used, referred to, annotated or manipulated in some way in order to be acceptable as evidence.

Particular care needs to be exercised when candidates work in groups/pairs. Learning outcomes may be considerably enhanced by group/paired work; however the complexities of assessment become far greater. Candidates who have worked in this way must still complete the entire unit themselves; it is not acceptable for them to share the evidence so that half is done by one candidate and half by the other.

Internal moderation of coursework should always be carried out before the portfolios are submitted for moderation.

Examination issues:

The nature of the Applied Business course demands that candidates write their responses to the vast majority of questions in the context outlined on the examination paper. In those units where the case study is pre-issued it is essential that candidates are not only familiar with, but have researched around, the context set. Centres are encouraged to spend several weeks considering these papers. Candidates with only a cursory knowledge of such extensive case studies are at a severe disadvantage. Particular attention needs to be given to re-sit candidates who may not have the same access to Centre-directed research.

Pleasingly, the evidence continues to grow that Centres are now incorporating examination technique, as well as knowledge based input, into their schemes of work. This has clearly led to

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many more candidates presenting analytical answers (Level 3 responses) across all of the papers at AS and A2 level. Whilst at A2 there is evidence that the number of candidates presenting evaluative (Level 4 responses) has also increased, there is still some way to go with AS candidates. Across all papers there is a need to get candidates to re-focus on the question when reaching their conclusions on high tariff questions. The emphasis on the skills of application, analysis and evaluative has led some candidates to forget the actual question they were answering!

Instances of candidates who appeared to lack basic knowledge of large sections of the specification are now few and far between. Furthermore, aspects which candidates find generally difficult, in particular the use of numerical tools, have vastly improved from 12 months ago. This points to much better coverage of the specification by Centres. Nevertheless, when reviewing schemes of work, Centres are advised to check that they deliver full coverage of each unit. Please ensure that the newly updated specification is used for this purpose.

Specific information for each unit is given in the following reports from the Principal Moderator and the Principal Examiners. Careful reading, taking action where appropriate, should lead to candidates being well prepared for assessment in future sessions of this Applied Business qualification.

Centres may also find the following sources of use to them in helping to build upon good practice:

- Principal Moderator's report
- individual Centre reports on moderation
- past examination papers
- previous examination series reports
- INSET offered by OCR
- coursework consultancy service (OCR)
- e-Community – OCR website
- AS exemplar CD – available from OCR publications
- teacher assignments – OCR website

F242 Understanding the Business Environment

General comments

Most candidates' answers suggested that they were well-prepared. The issues raised in the case study were carefully analysed, especially the question of ethics. Judging from the small number of questions which had been left unanswered, the time allocated for this paper was appropriate. However, compared with last series, there were fewer candidates scoring 70 or 80 marks.

A significantly higher proportion of candidates did not attempt to evaluate their answers for questions 1(c), 3(b) and 5(b). The quality of evaluation was also weak compared with previous sessions; few candidates were awarded Level 4. These long response questions were, however, generally better answered than questions requiring short responses. This could be due to the fact that candidates could prepare for these questions having analysed the issues in the case study. This suggests that for most candidates there is a need to improve examination techniques and their ability to interpret questions accurately. A common weakness in answering short response questions was candidates' inability to develop their answers in sufficient depth to access extension marks.

Some candidates appeared confused by tabulated questions. They either left some boxes blank or wrote in insufficient depth to gain adequate marks.

Numerical questions were disappointing, apart from break-even analysis and the calculation of variance. A high proportion of candidates showed a poor understanding of percentages. However, the majority of candidates showed their workings and made sure that formulas were written clearly. This good practice should be encouraged, just in case mistakes were made in the calculations.

Comments on Individual Questions

1(a) This part of the question was well answered by most candidates, even though the weaker ones struggled to describe two different ways. There was some misunderstanding of the rubric as some candidates compared a private limited company with a partnership in their answers. Only characteristics pertaining to both private and public companies were acceptable. Common answers included limited liability and selling shares. Candidates should be encouraged to give full answers instead of writing vague terms such as 'limited liability'. They had to state which type of ownership has limited liability to gain a mark.

1(b) A good question for differentiation and only the more able candidates could explain two differences in sufficient depth to gain full marks. Repetitions were common, where candidates described how shares are sold by a plc and a private limited company as two differences. No marks were given for stating limited liability as a difference.

1(c) Most candidates analysed the advantages and disadvantages to achieve Level 3. Their responses indicated that they were well-prepared, even though the context was still thin on the whole. Candidates should be encouraged to use the case study more fully, e.g. Layton Construction can expand by building more small flats. Few candidates attempted to evaluate and even a smaller number achieved Level 4; the quality of which was generally poor. Advantages and disadvantages which applied to both plcs and private limited companies were not awarded any marks, e.g. limited liability.

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2(a) This part of the question was well done overall with most candidates scoring full marks. Common mistakes included identifying shareholders and the private equity company as external stakeholders.

2(b) A difficult question for most candidates who failed to distinguish the difference between stakeholder interest and influence. Weaker candidates tended to copy the stakeholder responsibilities given in the case study. This highlights the need for Centres to spend more time discussing the difference between stakeholder interest and influence. The extent of stakeholder influence is also an aspect most candidates usually find difficult.

3(a) Most candidates were well-prepared for this part of the question scoring full marks. Some weaker candidates misunderstood the term 'external environment' as referring to the physical environment outside a business. Some very good examples were given to illustrate understanding.

3(b) Most candidates showed a good grasp of the effects of interest rate changes on a business such as Layton Construction Ltd; around half of the cohort achieved Level 3 with the rest achieving Level 2. Few attempted to evaluate which required candidates to discuss the extent to which Layton Construction Ltd would be affected by changes in interest rates. In order to gain the higher marks in Levels 2 and 3, candidates were required to explain/discuss both the effects of interest rate changes on Layton Construction Ltd's cost of borrowing and on customer demand. Some candidates focused on the credit crunch rather than interest rate changes. There were also some candidates who were clearly confused between interest rates and inflation.

3(c) This part of the question was poorly answered on the whole due to a common misunderstanding of the rubric. There was confusion about what should be written in each column; some candidates did not realise they had to identify the factors for both projects. Whilst most candidates were able to use the social and technological factors outlined in the case study, economic factors, surprisingly, were the most poorly done.

3(d) While there were a lot of repetitive answers, this part of the question was well attempted by the majority of candidates with many scoring full marks. However, the quality of response was disappointing on the whole with most candidates failing to explain how strengths could be built on and weaknesses improved. Candidates should be encouraged to use examples from the case study to demonstrate their understanding and to improve the quality of their response.

4(a) This was a relatively straight forward question. Most candidates could distinguish the difference between laws and ethics well, with a good number achieving full marks.

4(b) Most candidates were able to analyse why the garden grab proposal was unethical in order to achieve low Level 3. However, few candidates considered the legality of the proposal. The weaker candidates misunderstood the proposal and described why Layton Construction Ltd should not force people out of their homes.

4(c) One of the most difficult questions with a high number of no responses. The poor performance was, in part, due to candidates' failure to understand the rubric. Some clearly did not understand that they were supposed to identify ethical issues other than those arising from the garden grab. There were also a large number of vague responses, i.e. pressure groups, which candidates failed to expand to gain any marks. Candidates should be encouraged to write in full sentences, even if the question only requires them to identify or state certain issues.

5(a)(i) A relatively straight forward question for most candidates who demonstrated sound understanding of break-even analysis. A good majority were able to round up to gain full marks. Some candidates were beginning to use the contribution method to tackle these questions.

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5(a)(ii) On the whole, the understanding of margin of safety has improved, as around half of the cohort scored full marks on this part of the question.

5(a)(iii) Candidates' response to this part of the question was slightly better than that for part (a)(ii). Most candidates were able to work out the total revenue correctly gaining one mark. Total costs proved to be much more challenging, with less than half the cohort showing any understanding. Few candidates used the contribution method.

5(b) Although around half of the cohort achieved Level 3 and above, the quality of response was disappointing. Only a small number of candidates attempted to evaluate their decision; an even smaller proportion of these candidates actually achieved Level 4. When attempting a question such as this, candidates are advised to choose an option they think is better and to justify their choice in the conclusion instead of wavering over their decisions. Of the candidates who achieved Level 3 a good proportion used break-even analysis. Some even demonstrated a good understanding of margin of safety.

5(c)(i) Most candidates were able to calculate the variance accurately and understood that they were all unfavourable. The variance as a percentage of the budget figures proved to be much more challenging with only the more able candidates scoring full marks. It was thus a good differentiation question for the top end. There was also some confusion amongst some candidates as to how many decimal places were required. Candidates should be encouraged to give their answers to one decimal place for questions such as these.

5(c)(ii) This was another good question for differentiation for the top end, as only the more able candidates scored three marks and above. Most candidates struggled to describe two different benefits of variance analysis; some evidently misunderstood the rubric and described the benefits of budgeting instead.

F243 The Impact of Customer

General Comments

This series' paper was again set at a constant level for this AS examination. Given the well established format and standard, candidates' responses continue to be disappointing with the standard of answers often being relatively poor.

This said, questions specifically relating to subject knowledge eg legislation were generally well answered, securing Level 1 marks.

There was a marked improvement in the application of context to ensure that answers were linked back to the case. This ensured that the majority of responses moved to Level 2.

Candidates do not always appear to be able to move to Level 3 with appropriate analysis. Where there is analysis candidates are still not always getting to grips with moving forward and concluding with evaluation. Again, candidates limit the ability to reach Level 4 when making statements about how something definitely "will" or "will not" happen, when they should be using 'may' and to qualify this with discussion about how this might happen or the implications in context with the case. Ideally, Candidates should be tutored to work through to extended evaluation focussing on the key issues for question with the higher marks, to maximise the move through to Level 4 and ensure higher awarded marks at this level.

The accurate reading and understanding of questions appears to have been an issue for not just the weaker candidates. All too often candidates appeared not to appreciate the specific nature of the questions asked. The majority of candidates did not differentiate and show understanding of the difference between "inconsistent customer service" as required by the question and "poor customer service" which most candidates wrote about. This dramatically impacts on the marks awarded and in many cases rendered well written answers unworkable. It is suggested that Centres allocate time in the teaching of this unit to question analysis and comprehension.

Comments on Individual Questions

1)(a) This part of the question related to why customer service is important. It was done well in general, however weaker candidates did not apply to a business and tended to duplicate their answers reducing the awarded marks.

1(b) Most candidates were able to identify customer types, again weaker students duplicated their responses.

1(c) In this part of the question, candidates had to analyse then evaluate the reasons for becoming more customer focused, a core theme in this unit. On the whole candidates were able to achieve Level 3 but seemed unable to pull out the evaluation of key themes for this case and evaluate successfully to achieve Level 4.

2(a) Overall, the majority of candidates were able to provide examples of acts and regulations, but too many were careless in the naming of the acts or regulation, missing marks. For example, a common problem was the response "Health & Safety" rather than the required "Health & Safety at Work".

2(b) The responses to this part of the question were generally sound, however, weaker candidates appeared to have difficulty elaborating on their responses, limiting the awarding of additional marks.

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2(c) Many candidates failed to get to achieve the analysis required in this part of the question, although they stated sound “effects” and linked these to the case. The absence of analysis limited the marks awarded to Level 2.

3(a) Candidates were generally able to state and describe two advantages and two disadvantages but did not gain the full marks available as the descriptions lacked depth and detail, gaining two out of the possible three marks for each of the four elements in this part of the question, losing a third of the 12 marks available across this two part question.

3(b) This part of the question related to identifying and explaining research methods suitable for identifying how “customers felt”, as such it was disappointing to see too many candidates referring to “Observation” and “Mystery Shopper” methods not appropriate for qualitative customer research. Attention to the context detail of this question is necessary, alongside an objective clear understanding of research methods.

3(c) This part of the question was very poorly answered. The specific reference to “inconsistent” customer service was missed by the majority of candidates, as referred to in the general remarks above. It was disappointing to see the lack of attention to detail.

4(a) This was a very straightforward question and was generally answered well.

4(b) Candidates were generally able to identify appropriate reasons and gained full marks.

4(c) As with 4(b) generally candidates answered this part of the question successfully identifying appropriate reasons.

4(d) This part of the question was generally well answered to achieve Level 3, but few were able to move up to Level 4 and evaluate the realistic importance of a code of practice, given the specific issues in this case. The result was that few candidates were awarded Level 4 and those that were at the lower level.

A/S Principal Moderator's Report

The majority of Centres which submitted work for this moderation series followed OCR procedures, adhered to set deadlines and accurately completed documentation which enabled the moderation process to progress smoothly. However, some 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 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 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 assessment objective. 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. Without this information it becomes more difficult for the Moderator to confirm the marks awarded to the 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 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 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 provided within the specification when assessing candidates work.

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 website.

Unit 1: 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. Some candidates are still failing to 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. Centres should check the suitability of candidates' proposed new products/services prior to them completing their initial research. This should help prevent candidates selecting products which are (a) unsuitable or (b) already available on the market.

Assessors are also required to use the witness statement supplied within the OCR specification to justify the marks awarded for assessment two

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 series 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 assessment objective two. 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 the assessment objectives.

Assessment Objective One

This assessment objective, 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 breadth and depth of coverage of each section.

It was evident through this series that candidates had a much better understanding of the role functional areas play in supporting marketing activity. There was less evidence of candidates simply explaining the role of each department with no or little linkage to marketing.

Candidates often found the use of a made up scenario, for example, the selected business is just about to launch a new product, helped them demonstrate a clear and comprehensive understanding of this section.

Candidates do appear to struggle with the concept of marketing objectives. Coverage of this section was often muddled with the general aims and objectives of a business. Candidates often explain the aims and objectives of their selected businesses under the heading of marketing objectives – which frequently they are not.

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, July and August 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, enabling them easier access to mark band 3.

Assessment Objective Two

Candidates must include their presentation slides, prompt cards and, where appropriate, the notes used to accompany the presentation. As mentioned above, Assessors are required to complete the witness statement supplied by OCR. The more detailed this evidence is, 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 that 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 every section of 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. These decisions must be supported by primary and secondary research. 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. Centres must remind candidates to fully research their proposed methods of promotion. For example, if the candidate wishes to promote their new product in a magazine the candidate must state which one. Their decision should relate to who the target audience is for the magazine and also the readership numbers and where possible a link between potential costs and budget available.

A surprising number of candidates failed to investigate the competition as a method of justifying their marketing proposal.

A problem which occurred this series was Centres had awarded candidates mark band 3 marks with the decision being supported by an extremely detailed witness statement. The witness statement implied each part of the marketing mix had been supported by primary and secondary research. Upon further investigation into the candidates work there was no evidence of this research and the candidate's evidence to support the presentation also lacked this information. It then becomes very difficult for the Moderator to agree the marks awarded by the Centre.

Assessment Objective Three

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, Ansoff's 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.

Candidates must be aware that in order to achieve mark band 3 their suggested product, price, place and promotion must be supported through primary **and** secondary research.

Assessment Objective Four

Judgements on the potential success of the marketing proposal were often weak. They lacked the depth required 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 assessment objective, candidates need to focus on all elements of their marketing proposal. For example, will the price set for the new product meet the needs of their potential consumers? Will the suggested promotional campaign reach these people? Too often candidates just focus 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.

Unit 2: 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 which 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 interviewed. It was also rather disappointing to witness some candidates failing to take the role play situation seriously and completing application forms with inappropriate information. Centres attention is also drawn to the final paragraph under section 2.2.2 of the specification. It states "you will be assessed both on your ability to produce relevant and appropriate recruitment documentation specific to your chosen job role and recruitment documentation relevant to the post(s) advertised by your group peers".

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. 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 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 assessment objective two there is a flow diagram which illustrates the process candidates should follow if they are (a) working individually or (b) working in a group.

Assessment Objective One

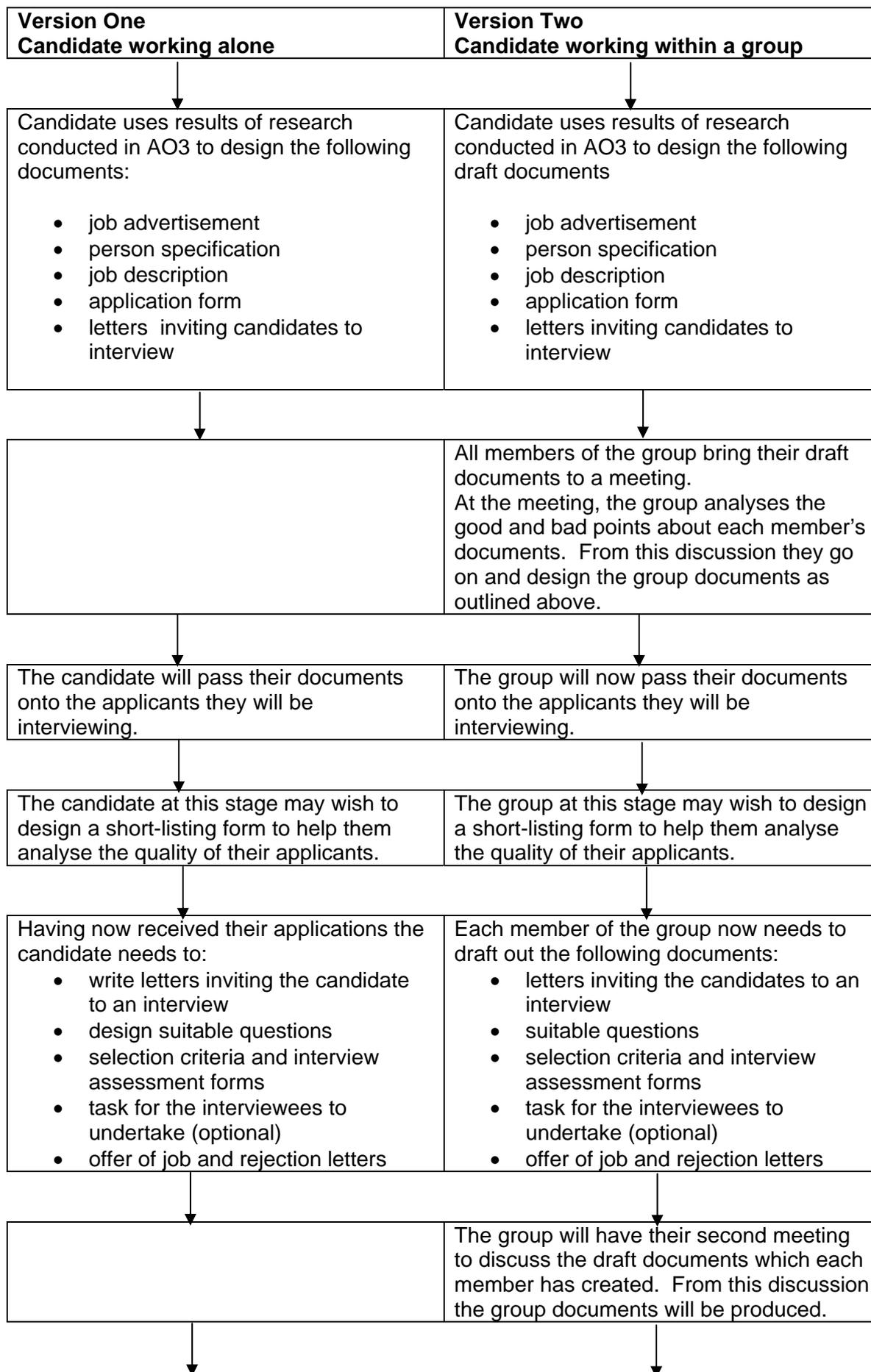
The majority of candidates sampled were able to produce a detailed description of the processes of recruitment and selection. Candidates' coverage of induction was patchy ranging from extremely detailed to pure identification of the topics which would be covered in an induction programme. Candidates' coverage of motivation should focus on section 2.2.5 of the 'What You Need To Learn' section of the specification. They are only required to cover financial and non-financial motivators. Candidates do not need to cover motivational theorists. Coverage of the legal framework is still the section that gives Centres the most problems. Candidates do not need to describe the acts. They are required to consider how each act would impact on their recruitment and selection process. For example, when designing the job advertisement what factors would they have to consider – could they state Young Energetic Male required? If not, why not? Which acts would this statement breach? How will each act affect the way they run their interview? What do they have to consider when designing their questions? This area needs to be developed if candidates are to be awarded marks in mark band 3. Centres should also note that theoretical coverage of section 2.2.1, Job Roles, is not required.

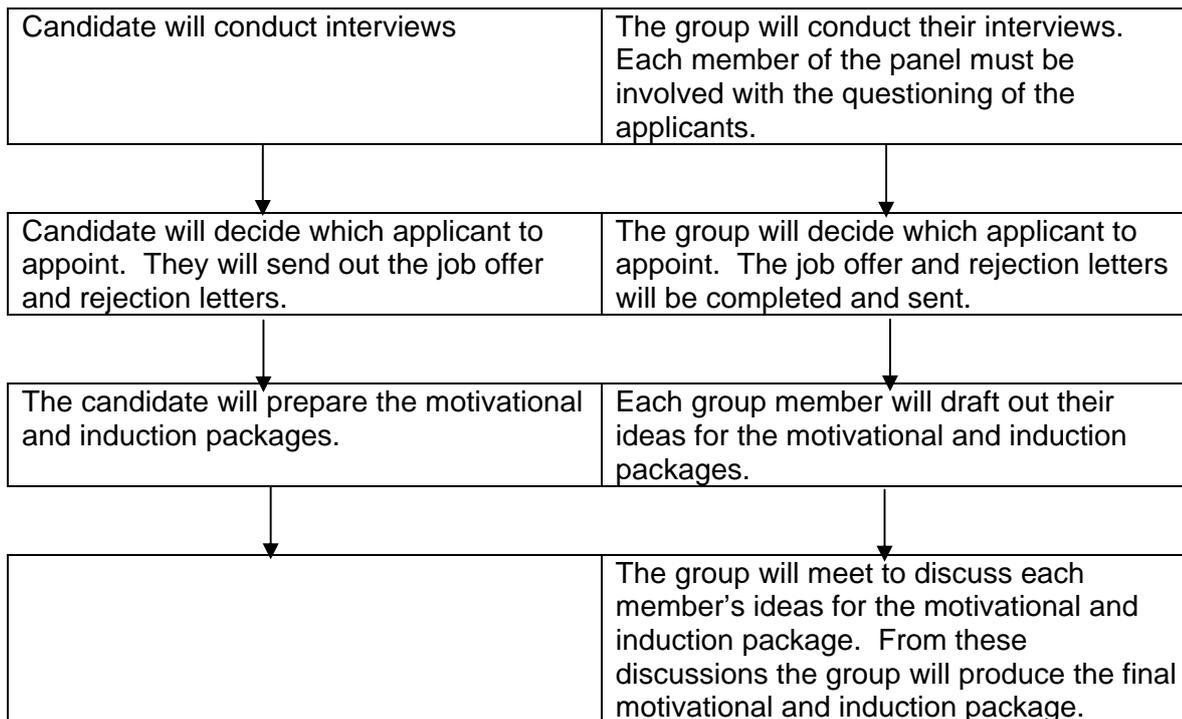
Assessment Objective Two

This assessment objective assesses:

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- the candidates' materials produced to recruit and select an individual – including job advertisement, person specification, job description, application form, letters inviting candidates to interview, 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 assessment objective four evidence.

As stated above, candidates need to include copies of the recruitment documents they completed as part of their role as an interviewee.

Assessment Objective Three

A number of Centres still submit work where there is no evidence of research having taken place. Placing copies of other businesses' recruitment and selection documents in an appendix does not count as analysis.

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' section. Candidates are then required to explain how this analysis has helped to inform the design of

their own documents. This last stage is vital if candidates are to achieve mark band 3. Sadly, it was often lacking in some of the assignments sampled throughout this moderation series.

Assessment Objective Four

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. A new trend has seen candidates evaluating every document they produced and omitting to cover the other bullet points found under section 2.2.8 of the specification. 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 must be reminded they need to consider how each of the bullet points would impact on the effectiveness of their recruitment and selection process.

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

Unit 5: 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 had been selected they often lacked the detail necessary to allow candidates to achieve much more than mark band 1. Candidates were still selecting businesses which currently **use a substantial amount of ICT**. This meant that all candidates could recommend was upgrading or 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 uses it and for what reason is it 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? How does the business envisage it improving efficiency?
- 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 assignment.

Assessment Objective One

This was most successfully achieved when it was tackled as a theory only section. Candidates are required to demonstrate their theoretical understanding of sections 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 businesses might employ the various forms and what ultimate benefits it would/could bring to the businesses.

Assessment Objective Two

This assessment objective is achieved through a presentation. Candidates must include their presentation slides, prompt cards, and where appropriate, the notes used to accompany the presentation. Assessors must complete the witness statement supplied by OCR. The more detailed the evidence produced by the candidates and assessor, 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 its ICT provision. This will then directly link to the hardware and software the candidate goes on to recommend during the 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 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.

Assessment Objective Three

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 to interview 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. This should include potential suppliers and the possible cost of the hardware and software being recommended.

Assessment Objective Four

Candidates should make reference to section 5.2.7 of the specification which provides a framework on which to develop the evaluation. In order to develop an evaluation beyond mark band 1, candidates must back up their statements making reference to their research conducted for assessment objective three. This will only be possible if candidates have been able to conduct detailed primary research into the workings of the selected business. The last bullet point cannot be used if the candidate fails to calculate the cost of their ICT proposal.

Unit 6: Running an Enterprise Activity

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

A considerable number of assignments moderated had combined the coverage of assessment objectives one and two. However, Centres are encouraged to ensure that candidates do

demonstrate a clear and comprehensive theoretical understanding of the concepts being assessed within this section before awarding mark band 3 for assessment objective one. 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.

Assessment Objective One

As already stated the highest marks were gained by those candidates who had covered sections 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.

Assessment Objective Two

Candidates need to show clear evidence of how they have dealt with each of the sections listed in assessment objective one. 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 Moderator of what had been happening. A particular weakness was section 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.

Assessment Objective Three

Within the AS specification this is the only time which assessment objective three is completed after assessment objective two. 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 assessment objective evidence.

In order to achieve assessment objective three, candidates must follow the guidelines as specified in section 6.2.7 of the 'What You Need To Learn' section of the specification. Candidates are required to research and analyse different stakeholders' 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 an 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 assessment objective four.

Assessment Objective Four

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 then must make judgements backing up their suggestions using their analysis conducted in assessment objective three.

Unit 7: Financial Providers and Products

Centres are now able to choose between a number of different case studies in order to complete this unit. Using the information contained within any of the case studies, candidates are required to produce two financial packages. Centres must be aware that if a loan is required for the selected business, candidates must at least try and research the cost of a business loan rather than a personal loan. If the information for a business loan is not accessible, candidates must explain why they have had to use figures quoted for personal loans. Due to the very fast pace of change in the current financial markets centres are advised to date candidates work so that the moderator is aware when the research was conducted.

Assessment objective four is still proving problematic for Centres. It is the responsibility of the Centre to supply candidates with a suitable and realistic change of circumstance for the business and the individuals involved within the case study being used.

Assessment Objective One

The candidates who achieved 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 sections 7.2.1, 7.2.2 and 7.2.4 of the specification.

Assessment Objective Two

In order to achieve this assessment objective, 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, 'Lilly could get her 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.

Assessment Objective Three

This assessment objective is the research the candidate needs to undertake in order to recommend suitable financial packages. Candidates are required to research a number of

different financial providers and packages and analyse their findings. Candidates should consider affordability and also constraints as outlined in section 7.2.4 of the specification. Candidate's recommendations in assessment objective two should be clearly linked to their analysis conducted within assessment objective three. Most candidates only base their analysis of the different products on the potential cost of each product. They appear to spend very little time reading the 'small print' and making informed decisions which product would actually best suit the needs of their client. Cost is often not the only criteria that should be used when making financial decisions.

Assessment Objective Four

In order to achieve this assessment objective, 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 assessment objective two 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.

General Points on McCoy's Precision Engineering Ltd (MPEL)

Business – the case study clearly identifies that MPEL is suffering from serious cash-flow problems. The business is obviously profitable but without liquid funds it will soon become insolvent. Candidate's main investigations should focus on the possibility of debt factoring. Candidates should be able to explain how debt factoring would work and the advantages and disadvantages this would have on the business. A loan could be considered but generally this would just increase outgoings rather than address the immediate problems of MPEL. If a loan is recommended candidates must also consider how the business could improve its overall credit control in order to collect its outstanding debts.

Candidates wishing to achieve mark band 3 for assessment objective two and assessment objective three should be able to give detailed estimates of the actual cost of debt factoring.

Jim's Individual Needs – the case study clearly identifies the products that need investigating in order to help Jim resolve his own financial problems. Candidates should consider consolidating his credit card debts with a personal loan which should attract a lower rate of interest. The loan could also include the £3,000 needed to take his parents to Australia. Travel insurance is another product that will be required. This might be quite expensive given the age of his parents. Due to the recent economic down turn and increase in mortgage rates it may be difficult for candidates to improve on his mortgage payments. However, candidates should be encouraged to investigate mortgage providers if only to prove that his current repayments cannot be beaten in today's economic climate.

General Points on 'Dustless'

Business – the case study clearly outlines that Colin will need to consider every aspect of starting up a new business venture independently. He might need to investigate a small bank loan in order to cover his start-up costs. Candidates must investigate business loans and not personal loans. He will need to consider the best banking arrangements for the business. Colin will also need to investigate the type and cost of insurance he will need for the business.

Colin's individual needs – the first part of this is to consider how much money Colin would need to live and if the potential earnings from 'Dustless' will be sufficient. Colin will then have to

investigate different banking opportunities. The first decision needs to be which financial institution would be the best one to invest his student loan in. He will also need to consider if he wants an overdraft, a credit card as well as a debit card. A further angle might be savings schemes and personal insurance.

There is no right solution to any of 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 the individual and the selected 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.

Unit 8: Understanding Production in Business

In order to achieve this unit, candidates' need to produce a report which illustrates how a business produces a particular item. Candidates do need to have undertaken a visit to a production company in order to successfully complete this unit.

Generally, the 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, Assessors 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 section 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. Special attention should be given to the information available on stock control, quality control and health and safety. Prior to the visit the Assessor must ask themselves are the candidates going to be able to collect sufficient information in order for them to complete the unit?

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

Assessment Objective One

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 health and safety. The theory section was generally covered well and in detail by the majority of candidates.

Assessment Objective Two

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 section 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.

Assessment Objective Three

Candidates achieve this assessment objective through their development of assessment objective two. Those candidates who took detailed notes throughout their visit/tour should be able to develop assessment objective two to mark band 3 and also score highly for this assessment objective. It is also useful if candidates include their notes from the visit and records of questions asked in order to support the mark awarded for this section.

Assessment Objective Four

This assessment objective 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' of the specification. The higher achieving candidates do need to make clear reference to their initial research into the production process when making judgements.

F248 Strategic Decision-Making

General Comments

It was clear that most candidates found the paper accessible and, most of it, relatively straight forward. Candidates tackled some aspects which have been tested in previous series with a lot more confidence and a far better understanding of the specification content. 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. However, there has been continued development since previous series and a great many candidates are now using the context and in some depth. Knowledge of every aspect of the specification is essential and it was clear, however, that there were issues with a number of candidates having little knowledge of either the decision making tools, the numeracy or both.

Comments on Individual Questions

1(a) Most candidates had a fair attempt at this part of the question and scored at least one mark. The main stumbling block tended to be their ability to express the term succinctly or made the error of calling 'stakeholders' 'shareholders'. One is a subset of the other – they are not interchangeable.

(b) Nearly all candidates scored full marks on this part of the question.

2(a) About half of all candidates got this part of the question correct. Common errors calculating the wrong year or simply not dividing output by labour.

(b) Interestingly many candidates found this part of the question difficult. Wastage rate was confused with other measures related to efficiency and consequently a whole range of incorrect answers were put forward.

(c) There was some confusion with wastage here. This part of the question was about why productivity was falling, not wastage increasing. Nothing was rewarded for answers that described the formula either.

3(a) Candidates performed far better on the critical path than they did in previous series. There was clear evidence that it had been well taught (and indeed taught) in many Centres.

(b) & (c) Most candidates got this part of the question wrong. A number were credited using the 'own figure rule', if they based their answers to total float on a faulty EST/LFT calculation in the previous part of the question.

(d) While most candidates had at least some idea of the uses of a critical path, it was only a minority who actually put their answer into context. Candidates must be prepared to answer in context on questions with six marks (and above). They should have been applying it to wind turbines and the ways in which the scheduling could be altered to in order to enable an efficient reallocation of resources.

4 Most candidates achieved marks for making human resource related suggestions (Level 2) and then produced some semblance of analysis as to the advantages of them or regarding why they should do it. Most then stopped there. Very few candidates analysed to a high level or attempted evaluation. This part of the question was about the management of change with specific reference to the workforce. There were many possible answers, but candidates need to be better prepared to answer about a few issues but in depth.

Report on the Units taken in June 2009

5(a) Many candidates achieved maximum marks on this part of the question. The only confusion was with those candidates who described it as 'paying back a loan' (wrong).

(b) Any mention of the value of money over time scored one mark. Many candidates got this far, but few progressed any further as they clearly found it difficult to express exactly what net present value means.

(c)(i)(ii)(iii) Most candidates performed well on these investment appraisal calculations. Some knew all three, most knew one. There were a number of common mathematical errors, e.g. missing out the minus sign at the start of the NPV column of answers, and it is clear that many candidates simply needed more practice or revision of these techniques.

(d) While many candidates could complete the calculations they found it very difficult to express why anyone would choose one method over the other. Those who did tended to focus on the 'ARR is good for long term view' but could not articulate a second point.

6 Worryingly a number of candidates simply missed the word 'marketing' or had no idea of what is a strategy. There were some zeros scored. Most candidates, however, gave a basic 'four Ps' answer which simply made suggestions with regards to the four Ps but did not analyse them and certainly did not evaluate them. Candidates should be prepared to write a strategy type answer and they should be very familiar with basic marketing concepts. A handful of candidates made the basic error of writing about promotion only (the presumption being that this constituted 'marketing'). There were one or two very good answers indeed, but they were few and far between.

7(a) Most candidates had a decent attempt at this part of the question and achieved half marks for mentioning the four strategies and something about 'risk'. A number of candidates knew this very well, and achieved all four marks.

(b) By now one would assume that this part of the question was eminently predictable. Candidates always get a 20 mark 'which is the best option' type question – the only real variation being what they are asked to 'use'. In this case it was 'Ansoff's Matrix and any other qualitative and/or quantitative information'. Some use of Ansoff's was a pre-requisite. The vast majority of candidates were very well prepared for this question and wrote at length in Level 3 – that is, they analysed. The answers, at this level, tended to be excellent, but again candidates must develop the skill of evaluation. It is essential that the options are put together, at the very least towards the end of the answer, and an 'overview' taken as to which is the best and why. Candidates must also be encouraged to write about all three options, not just one.

F256 Business Law

General Comments

Candidates who did well on this unit demonstrated a sound knowledge of business law coupled with the ability to apply this knowledge to the circumstances outlined in the examination paper. Centres, when preparing candidates for this examination, are advised to provide candidates plenty of opportunity to apply knowledge to a wide range of scenarios so that applying legal knowledge to specific situations becomes second nature to candidates.

It was pleasing to see that the majority of candidates were able to discuss both sides of an argument on at least one of the three high tariff questions, and thus achieved some Level 3 marks. To be awarded Level 4, it is essential that candidates make an overall judgement in answer to the question set and support this judgement with fully justified reasoning. It is not sufficient for the award of Level 4 to simply discuss two sides of an argument, however in depth that discussion might be. Understanding by candidates of the concepts of vicarious liability, common law and compulsory liquidation was generally weak. This was balanced by some excellent responses to the questions relating to unfair dismissal, unlimited liability and the Data Protection Act. The specification for this unit has been updated for the 2010 series. Knowledge from all areas of the specification may be tested in the examination. Centres are advised to familiarise themselves fully with this revised document.

Comments on Individual Questions

1(a) This knowledge recall question was set at the beginning of the examination paper to put the candidates at ease. It was worrying, therefore, to find that the vast majority of candidates scored half marks or less on what should have been a very straight forward question. 'All profits must be shared', 'no capital withdrawal', 'no sick pay' and 'dissolution in the case of a partner's death' were the most common correct answers.

(b) (i) In contrast, many candidates scored well on this part of the question. The best answers referred to the fact that the Deed of Partnership can be used to overrule the provisions of the Partnership Act. Such candidates frequently went on to discuss certain provisions that Bradley and Jagdeep may wish to overrule and scored full marks.

(b) (ii) This part of the question was generally answered well. The vast majority of candidates were able to explain four legal statements which would be appropriate for The Headlines Partnership's Deed. Where candidates did not score full marks, the most common error was to state, rather than explain, four legal statements, thus giving no further explanation.

(c) There were very pleasing responses to this part of the question. The vast majority of candidates showed a good understanding of the concept of unlimited liability and were able to apply it to Bradley and Jagdeep's situation.

(d) There were many excellent responses to this part of the question by candidates who clearly understood that some (but not all) of the partners could have a limit on their financial liability for the business. Responses which referred to the partnership itself having limited liability scored no marks - the partnership itself retains unlimited liability - it is only some of the partners who receive the protection.

(e) A fairly standard question regarding a change in the legal status of a business, in this case from a partnership to a private limited company. Those candidates, who had a sound understanding of what a partnership and a private limited company actually are, and the differences between them, did well on this part of the question. Many candidates attempted an overall judgement by explaining whether or not, in their opinion, Bradley and Jagdeep had made the correct decision. Those candidates who backed this judgement up with a valid argument, eg. 'yes they were right as the share issue will lead them to have more finance available which is needed for the purchase of more salons for the future success of the business' or 'no, they will lose control of the business and since owning his own high street salon is a major motivating factor for Bradley this may be a very bad move' were awarded Level 4.

2(a) Whilst some candidates gave accurate answers to this part of the question and scored full marks, an alarming number referred to co-habiting or civil partnerships as an alternative to marriage.

(b) Some candidates revealed a very clear understanding of vicarious liability and scored full marks, others left this part of the question entirely blank. Most had an attempt at the answer and managed to pick up only a couple of marks. The most common error by candidates who scored zero was to discuss contributory negligence, rather than vicarious liability,

(c) Given that many candidates have part-time jobs and will have been given a contract of employment the standard of responses was disappointing. Answers were frequently repetitive in nature referring to the information contained in a contract of employment rather than the reasons why it is important to issue such a contract.

(d) Some exceptionally good responses to this question were seen. Candidates who could discuss the factors both for and against the dismissal being fair and make a decision as to whether it was fair or not (with reasons) achieved Level 4. The most common error amongst candidates who did not reach Level 4 was to discuss in detail reasons for and against the dismissal being fair but not reach an overall conclusion or make any attempt to weigh up the validity of the arguments, thus limiting themselves to Level 3 marks. Of those candidates who did less well on this part of the question the most common error was to simply repeat in a discursive style, the details given in Text 2, the things which were Mike's fault and the things which were not.

3(a) The best answers to this part of the question explained that express terms are specifically stated in the actual contract, whereas implied terms are not in the actual contract but are introduced by statute, custom or common law. Some candidates even gave examples of implied terms such as 'goods must be as described' an implied term from the Trade Descriptions Act. Weaker responses appeared to suggest that implied terms were not legally enforceable. Both expressed and implied terms are legally binding.

(b) Most candidates showed a good understanding of the necessary requirements to make a contract legally valid. The whole range of responses from offer, acceptance, consideration, intention to create legal relations, capacity and legality were seen in candidate responses. Most candidates managed to name four of these and achieved at least four marks on this part of the question. To obtain the additional four marks, candidates needed to give further detail applied directly to the contract between HL Ltd and John Kerry, the electrical work contract.

(c) Once again candidates needed to make an overall judgement to secure the top band of marks - should HL Ltd take court action based on the Supply of Goods and Services Act or not? Those candidates who concluded their discussions with a fully supported decision were well rewarded. Many candidates simply listed reasons why and reasons why not without making any attempt to conclude or weigh up the argument.

4(a) Candidates scored highly on this part of the question. Almost all candidates could give two provisions of the Data Protection Act, the most common being 'keeping the data secure' and 'data must not be kept for longer than necessary'. Those candidates who could then suggest a practical impact of the provisions, eg. 'keeping the data secure may cost extra money as password software would need to be purchased' or 'data must not be kept for longer than necessary so extra time may be taken up in the office as regular deletions of data will need to take place' scored maximum marks.

(b) Candidates needed to explain four steps involved in compulsory liquidation, these steps did not need to be in order. Nevertheless, marks were generally low on this part of the question and indicated a lack of knowledge on this aspect of the specification. The most common errors were to totally misinterpret the question and give reasons for the liquidation, give the steps involved in putting a company into administration or give the steps involved in dissolving a partnership.

F257 Managing Risk in the Workplace

General Comments

This series' paper was set at the right standard for A2 candidates and was consistent with previous years. In accordance with the January series, it appears that candidates were well prepared by centres to answer questions at Level 3. It was noticeable that questions 1(d), 3(c) and 4(c) were answered by the majority of candidates at Level 3. However, it is still clear that Level 4 eludes many candidates, particularly when it comes to making judgement from a two-sided argument. Centres have also continued to prepare candidates on their knowledge of a range of health and safety legislation. As such, candidates can select appropriately for questions at Level 1 and are able to explain the main principles of the Acts and Regulations. Yet, it still remains that candidates across all levels are unable to give examples of such principles in the context of the business without repetition. This was particularly evident in question 2(c).

With regard to the future, it may be worth noting that the majority of candidates still have difficulty in identifying the difference between "risk" and "hazard" in the context of health and safety, which was highlighted in question 2(a). In addition, it worryingly appears that only candidates able to answer levels questions at Level 3 and Level 4 were able to define the term "risk management".

Comments on Individual Questions

1(a) The majority of candidates answered this part of the question poorly. At best one mark could be gained if candidates gave an appropriate example. Only candidates who were able to answer at levels 3 and 4, could give the exact definition as per the specification.

(b) The majority of candidates were well prepared for this part of the question, with many gaining full marks. Indeed, it appeared that many were able to answer at Level 3 - in terms of the financial consequences to SBS - which was not a requirement of the question.

(c) Again, this part of the question was only answered well by those candidates who could write at Levels 3 and 4. The majority of candidates were repetitive when giving development on the consequences to SBS of a change in shift. There was a distinct misinterpretation of the question as well. This was in terms of many candidates believing that a *change* in shift would mean *more* hours. This was not the case and hence the question was answered incorrectly.

(d) The majority of candidates were well aware of the strategic implications that a move abroad would mean for the business. It is pleasing that centres have prepared candidates well for the longer questions. The structure of the answers was, on the whole, very good and of the three assessment objective four questions, this was approached the best. Most candidates achieved Level 3, with a few outstanding answers at Level 4, where two-sided analysis and detailed judgment could be found.

2(a) Many candidates still have difficulty understanding the difference between “risk” and “harm” in the context of health and safety. However, given that many candidates gave a correct example, this meant that they were able to pick up one or two marks, without having given the complete definition.

(b) Generally this part of the question was well answered. Candidates have a good knowledge of the main features of the Manual Handling Operations Regulations (1992).

(c) Again, this part of the question caused problems when candidates had to develop their answers. Unfortunately there was a lot of repetition, particularly with regards to candidates seeing risks as “causing injury”. Stronger candidates were able to identify and develop other consequences of health and safety risks such as “sickness” or “long term illness”.

(d) This part of the question was poorly answered at and most candidates only reached assessment objective two. The majority were able to identify the methods that SBS could put in place to minimise risk on the shop floor e.g. provision of risk assessments, contingency planning, equipment and training etc. However, few understood how these measures could help the business. Sadly, many candidates seem ill-prepared on their understanding of how these measures work.

3(a) Candidates were well-prepared for this part of question. Indeed, not only were the majority able to identify the problems that SBS might encounter if it did not attempt to minimise risk, but they were able to develop their answers in terms of the longer term consequences for the business (again, often at Level 3, which was not required for this question).

(b) Only candidates who could answer at the higher levels, were able to answer this question correctly. This question was often answered poorly in terms of the fact that candidates only described the generic benefits from all types of training, rather than those peculiar to on-the-job training. Hence there was a lot of repetition.

(c) This was the QWC (quality written communication) question. For an evaluative question, this was answered poorly. Many candidates were unsure what “good working conditions” meant in the context of SBS. Hence, few answered further than the middle of Level 3, having taken QWC into consideration. Answers were often too “listed” at assessment objective two and repetitive, without actually looking at the longer term implications to the business.

4(a) This part of the question was answered very well by the majority of candidates. At assessment objective one, the knowledge of risk assessments is strong.

(b) This part of the question was answered well by candidates who can write at assessment objective 3 and assessment objective 4. Although it only covered Levels 1 and 2, there was a trend of many candidates misunderstanding the nature of what was being asked. Even though it is pleasing to see that centres have prepared candidates in their knowledge of contingency planning, too many applied it to Sam’s accident rather than the threat of stoppage time which arose.

Report on the Units taken in June 2009

(c) Centres have clearly prepared candidates on their knowledge of risk assessments. The majority were able to analyse the benefits to the business of using such a method in the workplace. Common statements included that “it would lead SBS to install a hand rail”. Hence the bottom of assessment objective three was attained by most. Yet again though, few candidates could write a two-sided argument and as a result few reached a detailed judgement at assessment objective four.

A2 Principal Moderator's Report

The majority of the 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, some 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, eg 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 15 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 assessment objective. 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 assessment objective. 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 assessment objective.

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 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.

Assessors are reminded that they should make reference to the assessment objective 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.

Unit 10: 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 are still selecting business ideas which are way above their capabilities for example a golf driving range, care home and paint balling centre. This greatly limited their ability to create a **realistic** plan in order to achieve assessment objective two. The best plans were created by candidates who had selected small enterprises based on their own knowledge, interests and experience. This point is further clarified within the specification on page 112, third paragraph.

Assessment Objective One

In order to achieve this assessment objective 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 sections 10.2.1 and 10.2.2. In order to complete section 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 assessment objective four.

Assessment Objective Two

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 section 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 primary and secondary research and subsequent analysis carried out in assessment objective three.

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 into 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.
- No research into suppliers – what is the cost to buy in products? What quantities will be required?
- No correlation between purchases and sales especially when candidates are running sandwich and juice bars.
- Very few candidates considered the different stages of production in sufficient detail.
- Little consideration of timing of production to meet customer needs.

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- 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 the candidates own assumptions and 'gestations.' Candidates must fully justify their sales and expenses.

These points are further clarified within the specification under section 10.4, Guidance for Teachers, pages 112 and 113.

Assessment Objective Three

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 or realism. Clarification of the depth of analysis required is further explained within the specification on page 113, fourth paragraph.

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 1 for analysis. Frequently, candidates produced pages of computer generated graphs and charts which lacked analysis and gained no marks. Candidates should be drawing conclusions throughout their analysis of the primary and secondary data which will then be used within their own business plans.

Assessment Objective Four

In order to achieve this assessment objective, 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 initial research must be made. Candidates were unable to access the higher grades as they often failed to consider the 'knock on' effect which 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 failing to consider the 'long term' implications of some constraints. For example, economic and environmental concerns are currently headline news and possible legislation could have an impact on the business in the long term. Under the heading social some candidates were considering social responsibility rather than social trends.

Unit 11: 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 assessment objective three and assessment objective two. 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 Business, 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 assessment objective two. Some of their analysis will be evident within this report and, therefore, credit for assessment objective three can be awarded here as well.

The main problem with the unit, at this stage, is candidates muddling their assessment objective two and assessment objective three 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 (section 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 a lack of an observation of their selected manager/supervisor 'in action'. The knock on effect of this was that candidates were often unable to substantiate the statements they were making through the use of examples.

Assessment Objective One

In order to achieve this assessment objective, 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' assessment objective three 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 assessment objective three 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.

Assessment Objective Two

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 assessment objective three.

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

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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/supervisor uses and how this links to motivational theorists.

The candidates sampled during this session generally had made good links with businesses and arranged interviews with relevant managers/supervisors. 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/supervisor deals with each of the sections outlined above.

Assessment Objective Three

In order to achieve this assessment objective, 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/supervisor and fellow workers. Part of assessment objective three is written up within assessment objective one when the candidate is looking at the different types of managerial/supervisory styles and motivational theorists.

Candidates sampled this session had obtained 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.

Assessment Objective Four

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

This section does not lend itself particularly well to prioritisation. Candidates often have to use possible scenarios in order to evaluate 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.

Unit 12: 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 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.

Assessment Objective One

This assessment objective 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, the benefits and drawbacks of such a policy and section 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 viewpoint, with candidates using a variety of examples taken from a range of different businesses to demonstrate clear and comprehensive coverage.

Assessment Objective Two

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 assessment objective three.

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

Assessment Objective Three

Candidates must show evidence of planning their research in order to fulfil the demands of section 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.

Top scoring 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, candidates then often failed to draw conclusions concerning how this would influence the development of their own website.

Assessment Objective Four

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 section 12.2.5 – Back End (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 assessment objective three. They also need to consider short term, long term, success and potential failure whilst drawing their conclusions.

Unit 13: 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 '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 will have 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.

Assessment Objective One

Candidates are required to provide theoretical coverage of section 13.2.5 – the various forms promotional activity can take and how and when each form of promotional activity is used. From section 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.

Assessment Objective Two

Candidates are required to produce a promotional strategy which includes two final concepts of their promotional material and the rationale behind their development. Unfortunately candidates often only produce the two final concepts with no explanation or reason behind their development. The promotional strategy must clearly explain when and where their promotional material would appear, for how long and what the potential cost of the campaign would be. These decisions need to be fully justified by the primary and secondary research undertaken in assessment objective three. Without this information candidates can not achieve the marks available within mark band 3.

During moderation it was often extremely difficult for moderators to see the links between the candidate's research and their final products. All too often candidates 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 assessment objective three. There was often no strategy to support the material produced. Candidates failed to state timescales, costs and reasons behind choices of selected media.

Assessment Objective Three

The starting point for this assessment objective is section 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 assessment objective one they need to do so as an introduction to this section. This evidence could support their assessment objective one mark.

Candidates need to make reference to section 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 section 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 that 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 work of the lower scoring candidates.

Candidates' final analysis was often sadly 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 recommendations must be supported by the analysis of their wide ranging and focused 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.

Assessment Objective Four

Candidates need to prioritise the internal and external influences which they feel would have the greatest impact on their promotional activity. Their evaluations must clearly link back to their 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.

Unit 14: Creating a Financial Strategy

Candidates had all correctly used the new stimulus material supplied by OCR.

Generally Centres were better prepared to cope with this unit. The work submitted by Centres demonstrated a wide range of marks which represented candidates' ability to grasp the concepts being assessed. However, it was still worrying to see that in some Centres all the candidates' work contained the same errors. This is an area which needs addressing before further submissions. If work is found to be identical in future submissions, the Centre may be reported for malpractice. There was, however, still evidence of good practice where Centres had made candidates work under test conditions and their work achieved the full range of marks.

Although OCR does not specify how the unit should be tackled identical work for assessment objective two 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 that qualified accountants have 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.

Assessment Objective One

Candidates achieve this objective through the coverage of Task A. Candidates are required to provide detailed coverage of each of the sub-sections (i)–(iv). 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.

Assessment Objective Two

Candidates achieve this assessment objective through the completion of Tasks B, C and D.

Task B – There was a mixed response to this task. 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 examination 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 – which is acceptable.

Assessment Objective Three

This assessment objective was based on responses to Tasks E and F.

There was a wide variety of evidence produced for Task E all of which was 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 which can be awarded for this assessment objective.

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 then 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 the 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.

Assessment Objective Four

Task G had to be completed in order to achieve this assessment objective. Although the case study did not indicate that candidates should prioritise their ideas, this is part of all assessment objective four 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 assessment objective three mark here as they began to fully develop the analysis and the impact of the ratios calculated in assessment objective three.

A lot of candidates lost marks here as they failed to produce a financial strategy. If they were able to ascertain the problems which the business was experiencing, they then failed to explain what the business should do to resolve the problems. For example – growth in debtor days – instigate a system of credit control. The second stage required the candidates to consider the different ways in which the business could be expanded and then recommend what they thought the business should do in the future. Candidates must be reminded to use the information contained within the case study, profit and loss calculations and ratio analysis when recommending their financial strategy. The key to this section is to identify the financial problems the business is facing, how these should be dealt with. The final stage is to consider how these would impact on the businesses idea of expansion.

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

TASK A

(i) In report form

Accurate financial records are needed in the following areas:

- calculate accurately profit and loss – to allow for planning and control, particularly with the proposed expansion in mind and to ensure the information is correct for tax calculations and to provide to bankers/other financiers when seeking additional finance. Accuracy is very important irrespective of sizes of transactions, whether in thousands of pounds as in the trial balance of the company or a few tens or hundreds of pounds in the ledger accounts illustrated in task B
- meet legal requirements – to ensure correct information is provided to shareholders, Companies House, tax authorities, etc, to avoid potential damaging legal action
- show the assets and liabilities of the business – to assist in planning, eg in the replacement of motor vehicles, to ensure sufficient stock is available for operations, collect from debtors and pay creditors. The business appears to have experienced loss of customers in the past because information was insufficient
- compare the business's financial position with previous years – to enable management and other users to assess success and to plan
- prepare accurate budgets/forecasts for future years – to quantify what the business is able to achieve. Limiting factor(s) will provide an indication of the extent to which the business is able to achieve its objectives over specific periods of time. The budgets can be used to co-ordinate operations and then monitor and control the business
- obtain additional finance – by providing information about past and forecast profitability, liquidity, etc
- plan any future expansion – by quantifying the resources available and indicating the impact on future results of expansion.

Some aspects of accounts are subjective and it appears that 2% is used for a number of calculations in the case of *Professional Cleaning Ltd*. The management and new accountant may wish to consider the validity of that approach.

(ii) Within the report

Discussing the following:

- criminal action – potential fines or removal of key personnel from the business, delays and focus on the criminal proceedings rather than business, bad publicity with potential business decline/failure. Trust is important when cleaning staff are in customer premises, often when the premises are empty. Management must be sure its employees are unlikely to commit illegal acts
- cash flow problems from a high tax bill or criminal action – could lead to business failure and reduce ability to expand. Poor cash-flow will also limit the ability of the company to borrow, worsening the liquidity position

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- shareholders losing confidence and investing elsewhere – and as the present shareholders are family and committed to the organisation they are likely to be more supportive than any replacement shareholders. ‘New’ shareholders might have more interest in financial returns
- bad public image – which could lead to loss of customers and perhaps employees and highlight weaknesses to competitors
- changes to management structure – in a small organisation where personal contacts are important a change in management can significantly alter the success of the business.

A professional accountant is concerned with the financial aspects of the business but will give advice on overall control.

(iii) Within the report

Explanation of the following:

- capital and bank loans;
Capital is provided by the business owners who are given dividends as their share of profits earned. Bank loans are provided by banks who normally charge interest on the loans. Bank loans appear in the balance sheet as short or long-term liabilities
- assets such as premises and vehicles, including items bought on credit;
Fixed assets such as premises and vehicles are kept in the business for more than a year and are used to generate profit. Depreciation is charged on most fixed assets; the depreciation being treated as an expense in the profit and loss account and the fixed assets appear in the balance sheet
- expenses for running a business, eg wages, electricity;
These are the day to day costs of the business and are deducted from gross profit in the profit and loss account to calculate net profit
- items/services purchased for resale, including those bought on credit;
- items/services sold, including those sold on credit;

Buying and selling goods or providing a service are ways in which businesses generate profit. Both purchases and sales appear in the trading account.

And a discussion of how the following are used as source documents for the accounts:

- invoices (which are used as evidence of goods and services provided by the business and its suppliers)
- credit notes (which record returns and refunds by the business and suppliers)
- bank records, eg direct debits and till receipts. The bank records list all payments made by cheques and electronic payments methods and also all receipts that the business has received by the bank.

(iv) Continued in the report:

Explanation showing understanding of each of the following processes:

- double-entry transaction recording;
Each transaction is recorded showing the debit and credit elements in the appropriate accounts; for example, debit purchases, credit bank for a purchase of goods by cheque
- balancing of accounts accurately;
Each account has a debit and credit side and the balancing process shows the amount outstanding on a particular date and which is carried to the next period. For example, the balance of cash of £200 would be shown as a credit balance carried down and debit balance brought down on the next day
- the division of ledgers (for example the accounts of customers supplied goods and services on credit would appear in the sales ledger);
- the creation of a trial balance (which lists all the accounts in the books of account on a given day and if the total of the debit column agrees with the total of the credit column then the accounts are correct in arithmetical terms).

Including understanding of the types of error which can occur when preparing accounts with examples including:

- omissions (eg an invoice omitted from the books of account)
- compensating errors (eg an expense for £90 recorded as £900 in the accounts so that both sides of the double entry are incorrect by £810)
- errors of principle (eg an expense recorded as a fixed asset).

Examples available in Task C.

TASK B

Ledger Accounts

Singh Import & Export Ltd					
Dr			Cr		
2008	Details	£	2008	Details	£
1 May	Balance b/d	650	1 May	Bank	637
1 May	Sales	300	1 May	Discount allowed	13
			1 May	Balance c/d	300
		950			950
2 May	Balance b/d	300			

Kurt Retail					
Dr			Cr		
2008	Details	£	2008	Details	£
1 May	Balance b/d	965	1 May	Balance c/d	1 335
1 May	Sales	370			
		1 335			1 335
2 May	Balance b/d	1 335			

Hamal Meats					
Dr			Cr		
2008	Details	£	2008	Details	£
1 May	Balance b/d	760	1 May	Sales returns	60
			1 May	Bank	686
			1 May	Discount allowed	14
		760			760

Report on the Units taken in June 2009

Dr		Kleen It				Cr
2008	Details	£	2008	Details	£	
1 May	Purchases returns	230	1 May	Balance b/d	17 230	
1 May	Bank	16 660	1 May	Purchases	6 130	
1 May	Discount received	340				
1 May	Balance c/d	6 130				
		<u>23 360</u>			<u>23 360</u>	
			2 May	Balance b/d	6 130	

Dr		Janitor Supplies				Cr
2008	Details	£	2008	Details	£	
1 May	Purchases returns	125	1 May	Balance b/d	5 770	
1 May	Bank	5 390	1 May	Purchases	1 330	
1 May	Discount received	110				
1 May	Balance c/d	1 475				
		<u>7 100</u>			<u>7 100</u>	
			2 May	Balance b/d	1 475	

Dr		Sweep Up Ltd				Cr
2008	Details	£	2008	Details	£	
1 May	Bank	1 480	1 May	Balance b/d	1 480	
		<u>1 480</u>			<u>1 480</u>	

Dr		Sales				Cr
2008	Details	£	2008	Details	£	
1 May	Balance c/d	725 070	1 May	Balance b/d	724 400	
			1 May	Singh Import & Export Ltd	300	
			1 May	Kurt Retail	370	
		<u>725 070</u>			<u>725 070</u>	
			2 May	Balance b/d	725 070	

Report on the Units taken in June 2009

Dr		Purchases				Cr	
2008	Details	£	2008	Details	£		
1 May	Balance b/d	406 950	1 May	Balance c/d	414 410		
1 May	Kleen It	6 130					
1 May	Janitor Supplies	1 330					
		414 410			414 410		
2 May	Balance b/d	414 410					

Dr		Rent, rates and insurance				Cr	
2008	Details	£	2008	Details	£		
1 May	Balance b/d	38 600	1 May	Balance c/d	45 100		
1 May	Bank	4 000					
1 May	Bank	2 500					
		45 100			45 100		
2 May	Balance b/d	45 100					

Dr		Motor vehicle expenses				Cr	
2008	Details	£	2008	Details	£		
1 May	Balance b/d	17 310	1 May	Balance c/d	18 290		
1 May	Bank	980					
		18 290			18 290		
2 May	Balance b/d	18 290					

Dr		Bank interest				Cr	
2008	Details	£	2008	Details	£		
1 May	Balance b/d	360	1 May	Balance c/d	395		
1 May	Bank	35					
		395			395		
2 May	Balance b/d	395					

Report on the Units taken in June 2009

Dr Cr						Discounts allowed					
2008		Details		£		2008		Details		£	
1 May		Balance b/d		8 164		1 May		Balance c/d		8 191	
1 May		Cash book		27							
				8 191						8 191	
2 May		Balance b/d		8 191							

Dr Cr						Discounts received					
2008		Details		£		2008		Details		£	
1 May		Balance c/d		9 500		1 May		Balance b/d		9 050	
						1 May		Cash book		450	
				9 500						9 500	
						2 May		Balance b/d		9 500	

See alternative under bank account.

Dr Cr						Sales returns					
2008		Details		£		2008		Details		£	
1 May		Balance b/d		7 990		1 May		Balance c/d		8 050	
1 May		Hamal Meats		60							
				8 050						8 050	
2 May		Balance b/d		8 050							

Dr Cr						Purchases returns					
2008		Details		£		2008		Details		£	
1 May		Balance c/d		10 225		1 May		Balance b/d		9 870	
						1 May		Kleen It		230	
						1 May		Janitor Supplies		125	
				10 225						10 225	
						2 May		Balance b/d		10 225	

Report on the Units taken in June 2009

Dr		Petty cash				Cr
2008	Details	£	2008	Details	£	
1 May	Balance b/d	110	1 May	Balance c/d	110	
		110			110	
2 May	Balance b/d	110				

EITHER

Cash Book									
		Disc	Cas h	Bank			Disc	Cas h	Bank
2008	Details	£	£	£	2008	Details	£	£	£
1 May	Balances b/d			29 790	1 May	Rent			2 500
1 May	Hamal Meats	14		686	1 May	Rates			4 000
1 May	Singh Import & Export Ltd	13		637	1 May	Motor vehicle expenses			980
					1 May	Janitor Supplies	110		5 390
					1 May	Sweep Up Ltd			1 480
					1 May	Kleen It	340		16 660
					1 May	Interest			35
					1 May	Balance c/d			68
		27		31 113			450		31 113
2 May	Balances b/d			68					

OR

Dr		Bank				Cr
2008	Details	£	2008	Details	£	
1 May	Balance b/d	29 790	1 May	Rent	2 500	
1 May	Hamal Meats	686	1 May	Rates	4 000	
1 May	Singh Import & Export Ltd	637	1 May	Motor vehicle expenses	980	
			1 May	Janitor Supplies	5 390	
			1 May	Sweep Up Ltd	1 480	
			1 May	Kleen It	16 660	
			1 May	Interest	35	
			1 May	Balance c/d	68	
		31 113			31 113	
2 May	Balance b/d	68				

Report on the Units taken in June 2009

Alternative approach for discounts

Discounts allowed					
Dr			Cr		
2008	Details	£	2008	Details	£
1 May	Balance b/d	8 164	1 May	Balance c/d	8 191
1 May	Hamal Meats	14			
1 May	Singh Import & Export Ltd	13			
		8 191			8 191
2 May	Balance b/d	8 191			

Discounts received					
Dr			Cr		
2008	Details	£	2008	Details	£
1 May	Balance c/d	9 500	1 May	Balance b/d	9 050
			1 May	Janitor Supplies	110
			1 May	Kleen It	340
		9 500			9 500
			2 May	Balance b/d	9 500

TASK C

Professional Cleaning Ltd
Trial Balance as at 16 May 2008 (before adjustments)

	£	£
Sales		788 200
Purchases	467 900	
Ordinary shares @ £1 each		67 500
Retained profit		10 310
Motor vehicles (cost)	25 000	
Provision for depreciation of motor vehicles		16 000
Fixtures and equipment (cost)	28 000	
Provision for depreciation of fixtures and equipment		11 200
Discount allowed	11 800	
Discount received		9 900
8% loan		90 000
Rent, rates and insurance	51 100	
Sales returns	8 260	
Purchases returns		10 980
Stock as at 1 June 2007	59 630	
Dividends paid	1 350	
Wages and salaries	152 420	
Debtors	134 330	
Light and heat	30 160	
Balance at bank (Dr)	1 460	
Sundry expenses	17 470	
Creditors		36 180
Advertising expenses	23 100	
Motor vehicle expenses	18 900	
Carriage outwards	1 550	
Loan interest	5 400	
Petty cash	205	
Bank interest paid	395	
Suspense account	1 840	
	1 040 270	1 040 270

Journal

Errors

			£	£	
1	Purchases	Dr	294		
	Advertising	Cr		294	
2	Discount allowed	Dr	20		
	Discount received	Cr		20	
3	Wages and salaries	Dr	1 620		
	Suspense	Cr		1 620	
4	Motor vehicle expenses	Dr	220		
	Suspense	Cr		220	
5	Purchases	Dr	70		
	Purchases returns	Cr		70	

Report on the Units taken in June 2009

Dr		Suspense		Cr	
2008	Details	£	2008	Details	£
16 May	Balance b/d	1 840	16 May	Error 3 – wages and salaries	1 620
			16 May	Error 4 – Motor vehicle expenses	220
		1 840			1 840

Professional Cleaning Ltd
Trial Balance as at 16 May 2008 (after adjustments)

	£	£
Sales		788 200
Purchases	468 264	
Ordinary shares @ £1 each		67 500
Retained profit		10 310
Motor vehicles (cost)	25 000	
Provision for depreciation of motor vehicles		16 000
Fixtures and equipment (cost)	28 000	
Provision for depreciation of fixtures and equipment		11 200
Discount allowed	11 820	
Discount received		9 920
8% loan		90 000
Rent, rates and insurance	51 100	
Sales returns	8 260	
Purchases returns		11 050
Stock as at 1 June 2007	59 630	
Dividends paid	1 350	
Wages and salaries	154 040	
Debtors	134 330	
Light and heat	30 160	
Balance at bank (Dr)	1 460	
Sundry expenses	17 470	
Creditors		36 180
Advertising expenses	22 806	
Motor vehicle expenses	19 120	
Carriage outwards	1 550	
Loan interest	5 400	
Petty cash	205	
Bank interest paid	395	
	1 040 360	1 040 360

TASK D

(i) Professional Cleaning Ltd
Trading, Profit and Loss and Appropriation Account for the year ended 31 May 2008

	£	£	£
Sales			842 850
Less: Sales returns			<u>8 350</u>
			834 500
Stock as at 1 June 2007		59 630	
Purchases	489 220		
Less: Purchases returns	<u>11 670</u>	<u>477 550</u>	
		537 180	
Stock as at 31 May 2008		<u>78 205</u>	
Cost of sales			<u>458 975</u>
Gross profit			375 525
Discount received			<u>10 375</u>
			385 900
Discount allowed		13 265	
Rent, rates and insurance	53 450		
Less: prepaid	<u>3 050</u>	50 400	
Wages and salaries	157 680		
Add: accrual	<u>2 740</u>	160 420	
Light and heat		33 660	
Sundry expenses		20 260	
Advertising expenses	25 670		
Add: accrual	<u>855</u>	26 525	
Motor vehicle expenses		19 930	
Carriage outwards		1 610	
Loan interest	5 400		
Add: accrual	<u>1 800</u>	7 200	
Bank interest paid		420	
Depreciation – motor vehicles [40% x (25 000–16 000)]		3 600	
Depreciation – fixtures and equipment (10% x 28 000)		2 800	
Bad debt		2 500	
Provision for doubtful debts [2% x (140 500 – 2 500)]		2 760	<u>345 350</u>
Net profit			40 550
Retained profit b/f			<u>10 310</u>
			50 860
Asset replacement reserve			<u>40 000</u>
			10 860
Ordinary share dividends			
Paid		1 350	
Proposed (2% x 67 500)		<u>1 350</u>	<u>2 700</u>
Retained profit c/f			<u>8 160</u>

(ii)

Balance Sheet as at 31 May 2008

	Cost £	Depr'n £	NBV £
FIXED ASSETS			
Motor vehicles	25 000	19 600	5 400
Fixtures and equipment	<u>28 000</u>	<u>14 000</u>	<u>14 000</u>
	<u>53 000</u>	<u>33 600</u>	19 400
CURRENT ASSETS			
Stock		78 205	
Debtors	138 000		
Less: Provision for doubtful debts	<u>2 760</u>	135 240	
Balance at bank		11 020	
Petty cash		360	
Prepaid insurance		<u>3 050</u>	
		227 875	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	34 870		
Accrued wages and salaries	2 740		
Accrued advertising	855		
Loan interest accrued	1 800		
Proposed dividends	<u>1 350</u>	<u>41 615</u>	
NET CURRENT ASSETS			<u>186 260</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			205 660
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
8% loan			<u>90 000</u>
			<u>115 660</u>
CAPITAL AND RESERVES			
67 500 Ordinary shares @ £1 each			67 500
Fixed asset replacement reserve			40 000
Retained profit			<u>8 160</u>
			<u>115 660</u>

Different terminology would be acceptable, for example 'Non-current assets' for 'Fixed assets' reflecting changes to international terminology in UK accounts.

TASK E

Different formats for company accounts are required by company law and amended by accounting standards as appropriate. Different sizes of companies have different demands on them and a relatively small private company such as *Professional Cleaning Ltd* may produce final accounts in a less detailed and prescriptive form to that required of large listed public companies and groups.

Nevertheless, any company is subject to the Companies Acts which call for specific formats and elements of disclosure both on the face of the financial statements and within notes to the accounts. In addition, a directors' report is commonly produced and the accounts are audited within current legislative requirements.

TASK F

Accounting Ratios

	Year ended 31 May 2007	Year ended 31 May 2008
Gross profit percentage	52.1%	$\frac{375\,525}{834\,500} \times 100 = 45\%$
Net profit percentage	4.85%	$\frac{40\,550}{834\,500} \times 100 = 4.86\%$
Return on capital employed	19.16%	$\frac{40\,550}{\frac{167\,810 + 205\,660}{2}} \times 100 = 21.72\%$
Expenses as a percentage of net sales	N/A	$\frac{345\,350}{834\,500} \times 100 = 41.38\%$
Current ratio	6:1	$\frac{227\,875}{41\,615} = 5.48 :1$
Acid test ratio	4:1	$\frac{227\,875 - 78\,205}{41\,615} = 3.60 :1$
Stock turnover	51 days	$\frac{[59\,630 + 78\,205]}{\frac{2}{458\,975}} \times 365 = 54.81 \text{ days}$
Fixed asset turnover	N/A	$\frac{834\,500}{19\,400} = 43.02 \text{ times}$
Debtor collection period	38 days	$\frac{135\,240}{834\,500} \times 365 = 59.15 \text{ days}$
Creditor payment period	13 days	$\frac{34\,870}{477\,550} \times 365 = 26.65 \text{ days}$

$$\frac{40\,550}{(167\,810 + 205\,660)}$$

$$\frac{(59\,630 + 78\,205)}{458\,975}$$

Interpretation of ratios

Without reliable information about changes in the volume of sales it is difficult to quantify the success of the organisation in terms of improving market share.

Limited detail can be seen from the ratios.

Gross profit percentage has decreased so it may be that prices of cleaning materials have increased and the organisation has not been able to pass the costs on to customers. Alternatively, it may have been a deliberate decision to keep prices low to compete with rivals. As the net profit percentage has improved marginally it appears that the cost control within the organisation has improved absorbing the effects of the higher purchase prices. The ratio of expenses as a percentage of net sales might confirm this but information is needed from the previous year to make that comparison.

Cost control is likely to be quite difficult in a business structured in this way. The minimum wage is a constraint on the extent to which a huge component of costs can be kept down. The only real way to reduce wage costs is to employ fewer people or demand more of them. Management appears, therefore, to have been effective and possibly creative in keeping costs down.

There has been a slight improvement in the return on capital employed as the capital represents assets which are declining in value and probably effectiveness so the improvement may be somewhat short-lived, artificial and certainly needs further investigation. The RoCE certainly seems to be a good return if compared with, say, interest on deposits in bank accounts, for example.

Both current and acid-test ratios are high compared with 'textbook figures' but industry comparison would be needed to assess whether these are out of line with expectations or not. Certainly stocks seem high for a business like this but are similar to the previous year. Without further evidence there seems no real justification for holding nearly two months of cleaning products which ought to be readily available and the directors should seek to reduce these levels, if possible. There may be some reason for the level of stock which may perhaps historically be a result of benefits of bulk buying. But as purchase prices are rising perhaps the purchasing and stocking policy of the company could be addressed to check that the optimum strategy is being used.

Fixed asset turnover cannot be assessed without the figures from previous years. It appears that the business is more labour intensive than reliant on equipment at the moment.

The debtor collection period has increased by about 50%. This may be deliberate and an effort to increase market share (in addition to holding selling prices down). However, the risk of increased credit facilities is clear with the £2 500 bad debt and the decision to make a provision for doubtful debts. The credit control policy of the business and its costs and benefits should be considered.

The increased debtors seem to some extent to have been offset by increased credit taken from suppliers. This is still less than a month which is a common credit period and clearly the business is taking the advantage of discounts offered for early payment. Despite a doubling of credit taken it is unlikely that suppliers will yet be putting pressure on the company. Nevertheless, this should be confirmed and the business should maintain good relations with suppliers if it decides to stay with them and not seek lower prices elsewhere.

TASK G

In report form this should consider strategy with benefit of information from the scenario, the accounts and ratios.

The following points can be brought out.

- Although the business is considering buying Thomson Cleaning Services it has already gained 50% of the business. Could it achieve more simply through competitive trading? There might then be the opportunity to buy the rival company's resources when it fails or is close to failure at a lower cost.
- *Professional Cleaning Ltd* is reaching the stage at which it needs to replace fixed assets and also to shortly repay the large loan. The actual balance at the bank is relatively low and although a reserve of £40 000 has been created this is largely represented by debtors and stock. Realising debtors to generate the necessary cash could lose some of the customers gained by increasing the credit periods.
- Jack's assumption that a reasonable profit and available cash is a sign of success is good in terms of running the business day to day. But it may be that there is insufficient cash available to expand quite as quickly as the directors wish.
- Are there alternatives to larger premises? If the stockholding is larger than necessary, could reducing the storage space assist the business? And if vehicles were leased there may be the possibility of leaving them on the premises of the nearby leasing company so less space would be needed at *Professional Cleaning Ltd*.
- Little real thought appears to have been given to competitors. Business relations may have been strained initially as *Professional Cleaning Ltd* was growing but it is now a different and more powerful entity and competitors may be looking at it differently. It would be interesting to know if there is real evidence if the competitors are in a position to purchase Thomson Cleaning Services or indeed if they themselves are finding it difficult to trade competitively. Any information along these lines could alter the timing and strategy of Suzie and Jack which is presently quite aggressive.
- There is no mention of any labour problems and an assumption that minimum wage rates are acceptable. Any change in this scenario in a business which is heavily reliant on its employees and the quality of their work could have immediate and significant financial effects.

Overall a thorough evaluation of strategy and the aims and goals of this organisation which appears to have been successful over a couple of years is worthwhile, so that future strategy can be better planned from the position in which the company now finds itself rather than a strategy based on an historical position. Certainly any financier will be looking for this kind of information and ensuring that sufficient monitoring and control processes are operating effectively throughout the organisation.

Unit 15: Launching a New Product or Service in Europe

This is a very difficult unit for candidates to access if they do not have an excellent link with their selected business. One of the main problems is if candidates try to tackle the unit without an established link with a 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.

Assessment Objective One

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.

Assessment Objective Two

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 section 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 assessment objective three.

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

Assessment Objective Three

Candidates must start off this section by showing evidence of planning their research, 15.2.3. Within their plan, candidates then consider their objective(s), the 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 of the specification. These are the main aspects which candidates need to research in order to be able to compile their written summary for assessment objective two

The main failing within this section has been 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 assessment objective two.

Assessment Objective Four

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 assessment objective three.

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

Unit 16: 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 the unit.

Assessment Objective One

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.

Assessment Objective Two

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 assessment objective three.

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 also be fully explained.

The internal training programmes put forward for this series often lacked detail and did not directly link back to the 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 the impact on the business.

Assessment Objective Three

Whilst planning their research, candidates must be aware of the different types of training programmes which 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 are 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.

Assessment Objective Four

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 section 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 sampled there was often very little linkage here back to research undertaken in assessment objective three. 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 the marks awarded on the Unit Recording Sheet
- Please ensure that the total marks for all strands of a unit are correctly totalled on the Unit Recording Sheet
- Please ensure that all sections of the Unit Recording Sheet have been completed accurately including candidate number, Centre number, teacher 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.

Report on the Units taken in June 2009

- 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.

Grade Thresholds

Applied GCE (Applied Business) (H026/H226/H426/H626)
June 2009 Examination Series

Coursework Unit Threshold Marks

Unit		Maximum Mark	A	B	C	D	E	U
F240	Raw	50	43	38	33	28	23	0
	UMS	100	80	70	60	50	40	0
F241	Raw	50	43	38	33	28	23	0
	UMS	100	80	70	60	50	40	0
F244	Raw	50	43	38	33	28	23	0
	UMS	100	80	70	60	50	40	0
F245	Raw	50	43	38	33	28	23	0
	UMS	100	80	70	60	50	40	0
F246	Raw	50	43	38	33	28	23	0
	UMS	100	80	70	60	50	40	0
F247	Raw	50	43	38	33	28	23	0
	UMS	100	80	70	60	50	40	0
F249	Raw	50	43	38	33	28	24	0
	UMS	100	80	70	60	50	40	0
F250	Raw	50	43	38	33	28	24	0
	UMS	100	80	70	60	50	40	0
F251	Raw	50	43	38	33	28	24	0
	UMS	100	80	70	60	50	40	0
F252	Raw	50	43	38	33	28	24	0
	UMS	100	80	70	60	50	40	0
F253	Raw	50	43	38	33	28	24	0
	UMS	100	80	70	60	50	40	0
F254	Raw	50	43	38	33	28	24	0
	UMS	100	80	70	60	50	40	0
F255	Raw	50	43	38	33	28	24	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	81	72	63	55	47	0
	UMS	100	80	70	60	50	40	0
F243	Raw	100	80	72	64	56	48	0
	UMS	100	80	70	60	50	40	0
F248	Raw	100	79	71	63	55	47	0
	UMS	100	80	70	60	50	40	0
F256	Raw	100	77	68	60	52	44	0
	UMS	100	80	70	60	50	40	0
F257	Raw	100	78	73	68	63	58	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

Cumulative Percentage in Grade

Advanced Subsidiary GCE (H026):

2443 candidates were entered for aggregation this series

A	B	C	D	E
3.68	16.89	39.10	65.12	84.83

Advanced Subsidiary GCE (Double Award) (H226):

421 candidates were entered for aggregation this series

AA	AB	BB	BC	CC	CD	DD	DE	EE
1.97	4.79	11.83	20.28	30.99	42.54	52.96	65.35	78.87

Advanced GCE (H426):

1871 candidates were entered for aggregation this series

A	B	C	D	E
4.87	21.89	46.09	73.45	91.74

Advanced GCE (Double Award) (H626):

437 candidates were entered for aggregation this series

AA	AB	BB	BC	CC	CD	DD	DE	EE
1.46	6.31	14.81	26.70	39.81	54.37	68.45	81.55	91.75

For a description of how UMS marks are calculated see:

http://www.ocr.org.uk/learners/ums_results.html

Statistics are correct at the time of publication.

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