

Level 1/2 Technical Award in Business and Enterprise 603/2955/5

Paper number: P002028

Assessment date: 29/06/2022

This report contains information in relation to the external assessment from the Chief Examiner, with an emphasis on the standard of learner work within this assessment window.

The aim is to highlight where learners generally perform well as well as any areas where further development may be required.

Key points:

- Grade Boundary Information
- administering the external assessment
- standard of learner work
- Regulations for the Conduct of External Assessment
- referencing of external assessment tasks
- evidence creation
- interpretation of the tasks and associated assessment criteria
- planning in the external assessment.

It is important to note that learners should not sit the external assessment until they have taken part in the relevant teaching of the full qualification content.

Grade Boundary Information

Each learner's external assessment paper is marked by an Examiner and awarded a raw mark. During the awarding process, a combination of statistical analysis and professional judgement is used to establish the raw marks that represent the minimum required standard to achieve each grade. These raw marks are outlined in the table below.

NYA	Level 1 Pass	Level 1 Merit	Level 1 Distinction	Level 2 Pass	Level 2 Merit	Level 2 Distinction
0-12	13	18	23	28	39	50

Grade boundaries represent the minimum raw mark required to achieve a certain grade. For example, if the grade boundary for the Pass grade is 25, a minimum raw mark of 25 is required to achieve a Pass.

Maximum UMS Score*	Level 1 Pass	Level 1 Merit	Level 1 Distinction	Level 2 Pass	Level 2 Merit	Level 2 Distinction
160	24	47	70	92	115	138

* In order to ensure that level of achievement remain comparable for the same assessment across different assessment windows, all raw marks are converted to a points score based on a uniform mark scale (UMS). For more information about UMS and how it is used to determine overall qualification grades, please refer to the qualification specification.

Administering the external assessment

The external assessment is invigilated and must be conducted in line with our Regulations for the Conduct of External Assessment. Learners may require additional pre-release material in order to complete the tasks within the paper. These must be provided to learners in line with our Regulations.

Learners must be given the resources to carry out the tasks and these are highlighted within the Qualification Specific Instructions Document (QSID).

Standard of learner work

The quality and standard did vary both across centres and within centres which is to be expected from a qualification that targets learners right across the ability range.

The majority of learners did attempt to answer all the questions on the paper. There was some evidence to suggest that "learner loss" due to the pandemic and its effect on face-to-face teaching may explain why some learners were unable to attempt one or two questions on the paper.

There were some high quality responses which demonstrated not only sound business knowledge, but used good business terminology and demonstrated both analytical and evaluative skills

Some learners may have been under-prepared possibly due to learner loss caused by the pandemic.

Evidence creation

Learners should use the space provided to answer questions. Where answers are typed or additional pages included, the learners name, centre number, centre name and task number must be clearly visible. The additional paper must then be securely attached to the workbook.

Regulations for the Conduct of External Assessment

Malpractice

There was 1 instance of malpractice in this assessment window. The Chief Examiner would like to take this opportunity to advise learners that instances of malpractice (for example, copying of work from another learner) will affect the outcome on the assessment.

Maladministration

No instances of maladministration were reported in this assessment window. The Chief Examiner would like to highlight the importance of adhering to the Regulations for the Conduct of External Assessment document in this respect.

Responses of the tasks within the sections of the external assessment paper

Questions 1-7

The multiple-choice questions were correctly answered by most learners, with question 3 proving slightly more challenging.

Question 8

Learners were asked to identify one financial aim or objective that a business may have. This was correctly answered by most learners. The most common correct answers were to break even and increasing revenue.

Question 9

Learners were asked to identify one feature of a sole trader. This was slightly less well answered than Q8. Some learners suggested “keeps all the profits” which is a benefit rather than a feature of sole traders. The most common correct answer seen was “unlimited liability”.

Question 10

Learners were asked to identify one feature of the introduction stage of the product lifecycle. This was well answered by a majority of learners and common correct answers seen included:

- low sales
- slow growth
- advertising costs are high
- profit is low or a loss is being made.

Question 11

Learners were asked to identify two factors the business should consider when deciding on a location. This was well answered by a majority of learners. Correct answers seen included

- location of raw materials
- nearness to customers / footfall
- transport and infrastructure links
- availability of employees
- number of competitors
- rent / cost of premises.

Some learners lost marks as answers such as “people”, “population”, “cost” on their own were seen as too vague.

Question 12

Learners were asked to explain one disadvantage for a business that manufactured light bulbs from using a system of quality control to maintain the quality of its light bulbs. Learners overall found this a challenging question. Accurate answers that were seen included:

- faulty light bulbs will need to be reworked / thrown away which will increase costs
- light bulbs will only be checked at end of production so increased waste / not fixed during manufacturing

A number of learners incorrectly stated that checks would be done at each stage of production, which is QA rather than QC or that all products are checked which is inaccurate as a feature of QC is that only a sample of each day's output is checked.

Question 13(a)

Learners were asked to identify, from a supply and demand diagram, how the change in market supply has affected the equilibrium price. A well answered question with the majority of learners correctly stating that price would increase.

Question 13(b)

Learners were asked to calculate, from the same supply and demand diagram, the change in the market quantity supplied at the new equilibrium price. This proved challenging for many learners. Some marks were lost as answers such as 0.2 were not accepted as the correct answer was 0.2 million / 200,000.

Question 14

Learners were asked to explain two characteristics or skills that Perry (who owns a florist shop) may have needed to become a successful entrepreneur. Many learners were able to identify two correct characteristics or skills needed to become a successful entrepreneur but often failed to explain why these were needed and therefore scored 2/4 marks.

Question 15(a)

Learners were asked to explain why Perry has chosen to use job production in his flower shop. Some learners simply restated the point from the question stimulus that "Every order is different" without any explanation. Some good answers were seen such as:

- can meet the customers' specific / different needs so Perry is more likely to get repeat orders

Question 15(b)

Learners were asked to explain one benefit for customers of being able to order the flowers online. The average mark on this question was disappointing. It was apparent that many learners apparently did not read the question carefully as their answers were about the benefits to the business whereas as the question specifically asked for the benefit to customers – many answers were seen that explained how this would make Perry more competitive, increase sales etc. Such answers were not rewardable.

Question 16

Learners were asked to explain two benefits for Perry from selling franchises rather than opening more flower shops. A number of learners produced answers that could have equally applied to the benefit to the business from opening shops rather than selling franchises. A minority of learners produced good answers as

- the franchisee has to pay an initial franchise fee / cost of expansion is reduced so reducing the risk to Perry
- franchising makes it easier to open more than one shop at the same time so Perry can achieve his aim of expanding quickly.

Question 17(a)

Learners were asked to name the missing categories shown as Box 1 and Box 2 in the Boston Matrix diagram. Many learners scored 2/2 marks as they were able to state that:

- Box 1: Problem Child / Question Mark
- Box 2: Cash Cow

Question 17(b)

Learners were asked to name the correct Boston Matrix category for TLBV Original. This was less well answered than Q17(a) with some learners incorrectly stating that TLBV Original was a Problem Child / Question Mark.

Question 17(c)

Learners were asked to name the correct Boston Matrix category for TLBV Pro. This was less well answered than Q17(a) with some learners incorrectly stating that TLBV Pro was a Cash Cow.

Question 18

Learners were asked to analyse two channels of distribution (wholesalers and retailers) and explain which one of these channels TLBV Ltd should choose. This is the first time a question has been asked about wholesalers as a method of distribution. It was apparent from marking scripts that a number of learners had no grasp at all of the role wholesalers play or of the advantages selling to wholesalers offers a manufacturer. Only a minority of good answers were seen such as:

- wholesalers will buy in bulk from TLBV Ltd which reduces the number of orders that TLBV Ltd must process / reduces administration costs,
- selling to pet shops would allow TLBV Ltd cut out the middleman which will enable TLBV Ltd to charge a higher price / increase its profit margin

Question 19

Learners were asked to identify two methods of advertising that TLBV Ltd could use for its cat food in England and explain how each of these two methods could raise awareness of TLBV Ltd's cat food products amongst cat owners. This was well answered by most learners. The vast majority scored at least 2 marks; 4-mark answers were uncommon as learners struggled to explain accurately how both methods would raise awareness of TLBV Ltd's cat food products amongst cat owners.

Question 20(a)

Learners were asked to analyse one possible impact on TLBV Ltd of a change in the rate of corporation tax, next year from 20% to 25%. Many learners scored 1/2 marks as although they could identify that business profits (after tax) would fall they were unable to analyse the impact of this on TLBV Ltd such as:

- TLBV Ltd will have less finance to work with / less retained profit / less net profit / less available for reinvesting / less to distribute to shareholders
- Profits will only be reduced by £2.5m and this is a relatively small impact as the business will remain (very) profitable.

Question 20(b)

Learners were asked to analyse one possible impact of this change in the rate of corporation tax on TLBV Ltd's shareholders. Learners need to use the correct terminology with regard to shareholders and payments. Only a minority of learners used the term "dividends" and therefore lost marks as answers such "shareholders will receive less money / profits from TLBV Ltd" were not awarded. A minority of learners did refer to the potential impact on share prices, which was rewardable.

Question 21

Learners were asked to explain two benefits for TLBV Ltd from choosing outsourcing as a way of increasing production for the English market. A number of generic answers were seen which focussed on cost savings and speed without using the context and so could not be awarded more than 2 marks. Some of the better answers seen suggested:

- reduced transport costs as the factory is in England (rather than Northern Ireland) it is closer to English pet shops
- no need to expand the existing factory in Northern Ireland which would enable TBLV to quickly supply the English market

Question 22

Learners were asked to analyse two possible impacts on TLBV Ltd from introducing Kaizen into its factory. They were also provided with the following information:

- ingredient costs are increasing
- competitors are introducing new products
- it has had to lower prices to remain competitive.

It was pleasing to see that many learners had a good grasp of the concept of Kaizen, but many made no use of the additional information provided in the 3 bulleted points. Some of the better answers seen were:

- introducing Kaizen may increase the efficiency of the factory, reducing cost per unit, which is important as the cost of raw materials is increasing
- introducing Kaizen may reduce waste, which will improve profit margin, allowing TLBV Ltd to reduce prices to remain competitive

Question 23

Learners were asked to explain one advantage and one disadvantage for the owners, or for the business, of TLBV Ltd from switching from a limited company to become a public limited company a PLC.

Overall, this was less well answered than expected as a number of learners had no grasp of the potential benefits that conversion to Plc status might provide the business, A number suggested that "limited liability" would now be available when this benefit was ready in place as the business was previously a private limited company. Some learners provided good explanations of a potential disadvantage such as:

- the business may be taken over, so Lily and Marco lose control over their own business

Question 24

Learners were asked to explain the effects of each two options on the motivation of a tent manufacturer's 60 employees and to use either Maslow's hierarchy of needs or Herzberg's two-factor theory in their answers. The two options were:

Option 1: offering each of the 60 employees a wage rise

Option 2: promoting employees when supervisor vacancies arise.

Learners had to state which option they would recommend and justify their answer.

A number of learners made no reference at all to Maslow or Herzberg and therefore scored 0 marks. Motivational theory is in the specification, questions have been set in previous windows requiring knowledge of such theories, so it was disappointing to see answers which made no reference at all to either theory.

Question 25

Learners were asked to explain one method of primary market research and one method of secondary market research that the directors could have used before launching a tent targeted at families three years ago.

Learners needed to state which one of these two methods of market research would have been of more benefit to the business and justify their answer.

There were some well-crafted answers seen to this question such as:

- A primary method such as focus groups allow for in-depth discussion / participants can give opinions on tent design. A secondary method such as articles in specialist magazines is useful as they are readily available and can provide information on trends in tent design.

However few learners went on to explain which method would be better and therefore only scored 4/6 marks.,

Question 26

Learners were asked to discuss two extension strategies that Eli tent could use for the festival tent before it is replaced by a new product in 18 months' time. Learners were required to recommend which strategy the directors should choose.

It was pleasing to see that many learners had a grasp of the concept of an extension strategy. The most common strategies suggested were:

- sell in other countries
- use social media advertising
- sell online.

It was also pleasing to see that many learners made use of the context (music festivals) and linked this to what they saw as the target market (young people).

Chief Examiner: Peter O'Loughlin

Date: August 2022
