



**General Certificate of Education (A-level) Applied
June 2011**

Applied Business

BS03

**(Specification
8611/8613/8616/8617/8619)**

**Unit 3: Financial Planning and Monitoring
(External Test)**

Report on the Examination

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General Comments

Students found this paper accessible and it was pleasing to see that many made effective use of the scenario in developing responses. The proportion of students successfully using the stimulus material to support answers has increased and this remains an essential element of a strong performance on this paper. It is also pleasing to note that many students are not only tackling the calculation questions confidently but are also making use of the resulting figures when developing answers to later questions. These calculations are not 'stand alone' and can be used as the basis for powerful arguments when responding to subsequent questions.

Inevitably there were common areas of weakness. It is disappointing to see a significant number of students develop too many arguments when responding to higher mark questions. The best students always develop a small number of points as fully as possible. It is also noticeable that a number of students appear ill-prepared for the first and last questions, despite the publication of pre-release materials and associated tasks. It is vital for centres to devote time in the classroom to considering these materials and completing activities based on the tasks. Finally, students must respond to the precise wording of the question and should read them carefully to ensure that they do so. This includes making and supporting judgements as required.

Question One

There were many good answers to this question. Those receiving the highest marks focused on just two reasons for drawing up a business plan and supported this by reference to the stimulus material, for example, by highlighting Usha's need for capital. Similarly, those students who clearly identified one reason as being more important (and supported this view fully) scored more highly for evaluation marks than those who hedged their bets and argued the case for both reasons. The most common errors were identifying and explaining more than two reasons for drawing up a business plan and failing to make or justify a recommendation as to which was the most important.

Question Two

- (a) Many students answered this calculation correctly and demonstrated good examination technique in doing so. Many stated the profit formula at the outset of the answer and set out their responses clearly thereby assisting examiners in awarding marks if errors occurred. Most errors were down to poor arithmetic rather than a failure to understand the concept and a small minority of students still do not have the use of a calculator. Common errors included adding the bank loan to either income or expenditure or failing to multiply monthly costs by twelve to achieve an annual figure.
- (b) There were some very good responses to this question from students who made use of the information set out in the stimulus material to develop relevant arguments. Good quality responses made use of Usha's love of profits or her track record as a successful entrepreneur. Although almost all students had relevant knowledge, it was disappointing to see a substantial number of students offering generic responses and ignoring the context of *Top Flights*.

- (c) Many answers to this question were disappointing. For some students it was due to insufficient knowledge of the topic of break-even and a few drifted into discussing cash flow. The most common weaknesses, however, related to examination technique as many students attempted to cover too many points instead of analysing a small number fully. Equally, some only considered one side of the question thereby limiting their ability to make and support a judgement. The best students drew on the stimulus material to support their analysis and to underpin their judgements. For example, many good responses recognised that the two types of flight made it more difficult for Usha to apply the technique of break-even in these circumstances.

Question Three

- (a) Most students demonstrated good understanding of the structure of a cash flow forecast and were able to conduct the necessary calculations competently. The most common error was forgetting that the business's new opening balance for October was its new closing balance for September; many used the old figure of £1500.
- (b) This question attracted a disproportionate number of poor quality answers. There were two main reasons for the large number of weak responses. Firstly, many responses to the question were generic and ignored the hooks set out in the stimulus materials. To achieve high marks it is essential for students to apply their responses to the scenario. Secondly, a minority of students wrote about setting budgets rather than monitoring them and appeared to have limited understanding of the latter.

Question Four

This question attracted some very good answers. Most students developed appropriate structures for their answers and clearly argued for and against the scenario. It is good to see that many students are using the stimulus material and answers to earlier questions to develop their arguments. Indeed it was unusual to see an answer that was not written in the context of *Top Flights*. Some students made sensible judgements based on the data and the results of their calculations. For example, a number argued that a forecast profit of £1403 from the first year of trading was hardly an incentive to invest.

There were some common weaknesses. Inevitably, a number of students were too ambitious in the scope of their responses and offered many potential arguments but failed to develop them and therefore could not access the higher marks. It is important for students to explain clearly why the information they have selected is relevant to the question. Finally, some students opted to offer advice to Usha when the question expressly asked them to 'advise Amir'.

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Mark Ranges and Award of Grades

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