



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

**Applied Business**

**BS15**

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

**Unit 15: Financial Accounting for Managers  
(External Test)**

***Report on the Examination***

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## General

Centres continue to teach this unit well, with most students able to tackle the full range of topics covered in this unit. Many students have also clearly been taught to reach firm conclusions supported by in-depth analysis of the case study.

Weaker students need to develop these skills in both presenting and justifying their decisions. To access the higher level evaluation marks, students must weigh up the options presented and clearly explain why the option selected is better than the alternatives.

## Question One

- (a) Most students could explain why accurate financial records are needed but to score full marks **two** distinct answers were needed. Some students gave the same answer twice by using different language to describe the same point.
- (b) (i) Most students coped well with this question. Some students continue to give an answer with no workings, which means that, if the answer is incorrect, no marks can be awarded. A minority of students were clearly confused about the method of depreciation and tried to explain the straight line method in terms of a percentage depreciation.
- (b)(ii) Whilst most students did understand that changing the method of depreciation would alter the amount of depreciation, two main weaknesses were seen. Firstly, many students did not explain what impact changing the depreciation would have on either the trading account (and thus profits) or the balance sheet (and hence assets).

Secondly, many students believed that the depreciated value was what would be actually realised when the van was sold, and so discussed how the change in method would result in more or less cash being in the business following the van's sale. Very few seemed to appreciate that depreciation is an accounting process, and that once the asset is sold an adjustment will be made between the depreciated value and that actually realised.

- (c) In many cases, this question engaged the students in detailed discussion about which approach to improving cash flow would work best – whereas the question asked for which should be adopted **first**. The more successful students related their arguments to broader business issues in an applied way. The only major weakness was with students who confused cash flow and profits.

## Question Two

- (a) (i) This question was answered well. Many students, however, appeared to have calculated the answer long hand rather than using a calculator. For a ratio of this nature, students should be advised to give their answer to two or three significant figures, and avoid either a single figure answer or, at the other extreme, an answer to eight decimal places.
- (a) (ii) Most students coped well with the calculation but a significant number failed to grasp that as a loss, the answer needed to be presented as a negative % margin.

- (b) Most students used a range of appropriate descriptors and ratios to assess the business performance but, for many, this was approached in a very mechanistic way, ie current liabilities have gone up and turnover has gone down. To obtain the higher marks, students needed to explain why the ratios had changed (Level 3) and to analyse the significance of the change (Level 4).
- (c) Most students explored the impact of both options available to Hannah, although often the language used on the financial impact of the options was rather basic. To obtain higher marks, students needed to not only make a recommendation on which option to pursue, but also needed to analyse why this option was preferred.

### Question Three

- (a) (i) Most students recognised that buying on credit rather than paying on delivery would take pressure off *DB*'s cash flow in the short-term. Few then went on to explain this by either, quantifying the impact in terms of amount or length of time, or commenting on whether this was a permanent improvement.
- (a) (ii) Most students recognised that *DB* would no longer receive the 5% discount but, as with the previous question, few students went on to explain the monthly or yearly impact on costs or to demonstrate why this change might be important to the business.
- (b) Virtually all students explored some basic impacts that selling the assets might have. Successful students then went on to analyse why this was significant and the effect it might have on the business.
- (c) Most students were able to assess the difference between the two options available to raise the money needed. However, many students seemed reluctant to make a firm decision on which option *DB* should implement. There were, however, some very impressive answers which talked in terms of the long-term business survival and growth and how each option would impact on the business finances in both the short and long term.

### Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results statistics](#) page of the AQA Website.

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