



General Certificate of Education

Applied Business 8611/8613

**BS03 Financial Planning and
Monitoring**

Report on the Examination

2009 examination - June series

Further copies of this Report are available to download from the AQA Website: www.aqa.org.uk

Copyright © 2009 AQA and its licensors. All rights reserved.

COPYRIGHT

AQA retains the copyright on all its publications. However, registered centres for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee registered in England and Wales (company number 3644723) and a registered charity (registered charity number 1073334). Registered address: AQA, Devas Street, Manchester M15 6EX
Dr Michael Cresswell Director General.

General Comments

Most candidates appeared to understand the context and this helped to make the paper an accessible one. There were a number of encouraging aspects of the way in which candidates tackled this paper. Candidates appeared to have sound subject knowledge and, the questions offered many candidates the opportunity to demonstrate their knowledge and to use it in the context of the case study and also the questions. It is also pleasing to see a further improvement in candidates' proficiency with calculations. Calculations are a central aspect of this unit (and paper) and the average mark on this type of question has risen steadily.

Another notable improvement is in the way in which the majority of candidates tackle the high mark questions requiring evaluation, and especially the final one on the paper. It is encouraging and pleasing to see most candidates recognising the two sides in such questions and attempting to develop points in support of their arguments. Many answers also draw on other answers or on the stimulus material allowing candidates to access marks for application and, frequently, evaluation.

There were a number of common weaknesses. The confusion between cash and profit remains. It is frustrating that some candidates use these terms as synonyms and often weaken otherwise good arguments by doing so. This distinction is a part of the specification on which centres could usefully spend more time.

Failing to respond to the precise wording of the question is another aspect of candidates' performances on this paper which caused some problems. This is particularly noticeable on questions which arise from the pre-examination research tasks. Candidates should be encouraged to read such questions carefully to ensure that they understand the exact requirements of the question and respond accordingly.

Finally, the absence of a calculator limits the ability of some candidates to tackle the calculation questions effectively and efficiently in terms of time.

Question One

Most candidates demonstrated sound knowledge of the advantages of raising capital through the sale of shares or through the negotiation of a bank loan. Good candidates offered a range of contextualised arguments, for example by explaining that a loan would allow Ginny to retain control of her business (as the proportion of shares that would have to be sold would hand control to outsiders). A reason why some candidates did not receive higher marks was that they failed to develop their arguments in the context of the scenario.

A common weakness was to drift into the disadvantages of raising finance through these two methods. Too frequently this meant that this portion of responses was irrelevant and an ineffective use of time.

Almost all candidates recognised the need to offer evaluation in their answers and responded appropriately. The best evaluation for this question drew on the context in making a judgement rather than just a simple restatement of earlier points in justification of a particular view.

Question Two

- (a) This question was generally answered well with a majority of candidates offering a correct answer. Almost every candidate appeared to understand the concept of profit and the process of its calculation. The most common errors were the omissions of one or more costs or revenues resulting in an incorrect answer.
- (b) This part attracted a wide range of responses. The best answers picked up on the figures used in the question and used these to calculate the two comparative revenue figures which were used as the basis of an argument. Weaker responses tended to speculate on the possible effects on revenue or profits of the price change without making use of all the information that was available.
- (c) This question asked about benefits of the use of information resources. It is apparent that information resources are a mystery to many candidates. As a result, many answers were vague in the extreme with, for example, numbers of candidates offering explanations of physical resources, financial resources and human resources in response to this question. Others opted to describe possible sources of information for Ginny's business.
- (d) The quality of responses to the final element of this question was mixed. However, most candidates did gain marks from developing some relevant lines of argument. A common problem was candidates commenting on the possibility of Ginny's business making a profit in its first year of trading rather than discussing whether making a profit in the first year is important or not. Other candidates developed fine arguments about the importance (or otherwise) of making a profit in the first year of trading, but made no reference to the scenario. The context offered a lot of hooks for development and it was disappointing that only a relatively small proportion of candidates picked up on these.

Question Three

- (a) The first part of this question asked candidates to complete a cash flow forecast. Most candidates completed this without difficulty. However, where problems occurred it was with the answers that involved negative numbers. This type of question invariably involves such numbers and it is important that centres practise answering this type of question with their candidates.
- (b) In responding to the second part of the question most candidates revealed good understanding of overdrafts. Fewer, however, were able to explain clearly why this would be important to the business. Placing this question next to the cash flow forecast was a deliberate action, but only a relatively small number of candidates used this stimulus to help to develop their answers.

Question Four

This question elicited answers of varying standards, though the general trend of better quality answers to this type of question continued. It is pleasing to report that most candidates used the context to help to develop their arguments. Many drew on their earlier calculations whilst others referred back to the pre-release materials. Almost every candidate made a judgement of some type. Because of this, most candidates scored a reasonable mark on this question.

The most common error was for candidates to attempt to write too many arguments and not to have sufficient time to develop them fully. This meant that they could not access the higher bands of marks. Candidates should select the most important arguments before commencing to answer this type of question. It may be that they opt to hold the most important one as a basis for their judgement.

The other area with potential for improvement in standards in answering this question is the conclusion. Some candidates simply repeat earlier arguments, whilst others drift off to make different judgements to the one called for in the question. As with all of these questions, the context can be invaluable in supporting a judgement.

Mark Ranges and Award of Grades

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