



General Certificate of Education

Applied Business 8611/8613

**BS03 Financial Planning and
Monitoring**

Report on the Examination

2010 examination - January series

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General Comments

This paper produced excellent responses from many students who seemed to find the scenario highly accessible. It was pleasing to see students making effective use of the financial and other information presented in the case study material when constructing their responses. There has been a steady improvement in the quality of students' responses to most of the questions carrying higher mark allocations. The structure of answers has improved reflecting the demands of the questions along with better application to the scenario.

This paper is based on a pre-issued case study which is available some months before the examination. It is essential for centres to use this pre-issued material as a central part of the preparation of students for this examination. Such preparation affords students an opportunity to understand the scenario and to research two themes which prepare them for two specific questions in the examination. The two research themes identify particular aspects of the specification and encourage students to investigate them in the context of the featured business. Students who are not prepared in this way are placed at a significant disadvantage and this is reflected in the quality of their responses and the marks that they achieve.

Question One

The quality of responses to this question varied enormously. It was apparent that a substantial number of students were not familiar with the scenario and had not researched the first of the two themes identified in the pre-issued material. This meant that precious time was spent assimilating the information in the case study and that students were less well-versed in the particular area of the specification on which the question focused. The impact on the marks scored on this question was apparent.

A number of weaknesses revealed by this question have implications for teaching. Many students were unable to explain the principle of limited liability and to identify benefits which may arise from its existence. Many students confused private and public limited companies. Students may benefit from more emphasis on these topics in the classroom.

Question Two

- (a) This calculation posed a real challenge for many students and was more complex than those asked in previous series. This is an approach that will be continued in future papers. Students should be encouraged to start their answers to calculations by setting down the relevant formula. This not only earns marks but also gives a structure to shape subsequent calculations. The most common error in students' responses to this question was to fail to adjust correctly the quantities of labour and materials required to produce the larger volume of output.
- (b) There were a number of excellent responses to this question where students combined knowledge of the purpose and importance of profits with an understanding of the case study. Disappointingly, a number of students appeared not to know why businesses aim to make profits and, of those who did, many did not relate this knowledge to the circumstances of *Buckden Chips*.

- (c) The quality of responses to the final element of this question was generally impressive. Most students structured their answers appropriately recognising that the question was two-sided and required judgement in the conclusion. A positive aspect of many answers was the use of material from the case study, especially the possible impact of the sale of farmland on the ability of the partnership to supply potatoes to its own factory. The most important point for students to focus on to improve future performance is to write fewer points and to develop them more fully. For this question this meant explaining fully the advantages or disadvantages of specific sources of finance rather than simply seeking to offer as many arguments as possible.

Question Three

- (a) Most students tackled this question competently. A minority did not have a calculator, resulting in prolonged and often incorrect calculations as well as ineffective use of time. The most common weakness was students' inability to deal with negative numbers. It is this aspect of conducting calculations within cash flow forecasts that needs most attention by centres.
- (b) This question attracted the poorest quality responses on the whole of the paper. Few students appeared to have a clear understanding of the nature of cash flow and the distinction between it and profit. Students who do understand this difference are likely to perform more strongly on this paper as profit and cash flow are vital concepts within this unit and ones on which questions are frequently asked. Even those students who did have the relevant knowledge often failed to explain why the actions they proposed would result in an improvement in *Buckden Chips'* cash flow position.

Question Four

There were a large number of very impressive responses to this question which was most encouraging. The quality of answers to this final question on the paper has improved steadily, mainly because of improvements in students' examination technique. Most students responded positively to the wording of the question and offered arguments on both sides of this particular question. It was pleasing to see students drawing on earlier information, such as the cash flow data, to construct arguments based on the context. Almost every student attempted to draw conclusions and to make a clear and supported recommendation. The major teaching point arising from these answers is that centres should encourage students to write fewer arguments to allow for fuller development of each point.

Mark Ranges and Award of Grades

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