



General Certificate of Education

Applied Business 8610

**BS15 Financial Accounting for
Managers**

Report on the Examination

2010 examination - June series

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General Comments

Some centres continue to teach this unit very well, with most students in these centres able to tackle the full range of the specification. In these centres, the students have also been taught skills in analysis and reached firm conclusions which were supported with in-depth analysis of the business problem in an applied way.

In the large evaluative (12 or 14 mark) questions, students must focus on developing in-depth answers. (A basic description type answer only scores Level 1 marks and maybe a quality of written communication mark - giving a score of 2 or 3 out of 12 or 14.) To demonstrate judgement, students should reach a firm decision on whether the proposed course of action or position adopted is correct. For example, in question 3(c), many weaker students presented both sides of the argument in a basic way with comments which were completely contradictory, but then never actually said whether the Chief Executive's position was correct or not and why they thought this.

Some students failed to complete the paper but this appeared to be more to do with lack of subject knowledge rather than problems with the exam paper. Others had time to exceed the line limit of every single question, suggesting that the length of paper was appropriate for the time allowed.

Question One

- (a) Most students correctly identified types of documents but few really addressed the question as to why a sale to the public at a craft fair would use different documents to those used when selling to a business customer. Some students also talked about ledgers and records rather than documents.
- (b) This question was well answered by most students. Better answers went beyond simply saying there would be a problem, by explaining how the problems would affect John's cash flow.
- (c) This question was answered in many different ways but which still gained high marks. Students who only talked about one option, or who only explained each option but without ever making a decision on which option was best, were inevitably not able to score full marks. A complete answer not only explained the impact of the selected option, it also justified why this option was better than the other options John could have used.

Question Two

- (a) This question produced a full range of marks with some students appearing to find the calculation very straightforward, whilst others failed to identify any of the correct figures or concepts to use. Students need to learn to set out their answers logically and show their workings in order that examiners can give credit for demonstrating understanding of the concepts involved, even if they then fail to correctly use the figures provided.
- (b) This question proved to be challenging for many students. Many answers were poorly focused on the actual question asked and either addressed profitability or very general impacts on the business but never actually commented on the impact of the options on liquidity. There appeared to be a weak understanding of the concept of liquidity by some students.

- (c) Some students produced good answers to this question which looked at the pros and cons of the Directors' decision and reached a robust and justified position. However, weaker students either failed to make a judgement (ie they did not say whether they agreed with the decision or not), or failed to explore the reasons for why the decision was either good or bad despite the wide range of issues within the item to which they could have referred.

Question Three

- (a) Most students correctly identified some of the changes which occurred in the financial position of the business but fewer went on to analyse the changes and explain how significant they were. Simply saying profits had gone down, or gearing had risen, is not enough to score the higher level marks which are awarded for analysis.
- (b) This question was answered quite poorly by some students who simply repeated their answer to question 3(a). The question required the students to analyse the impact that purchasing *ELC* had on *Mothercare*, and thus to relate the changes the purchase created to the change in *Mothercare*'s position.
- (c) In general, students were able to make informed comments on whether the Chief Executive was justified in his optimism. There were many students who explored a wide range of issues including the recession, people's desire to buy for their children, internet sales and many other relevant issues. These were then related to the short-term financial data and whether the financial issues the business had were short or long-term in nature. As with other evaluative questions, it is important that students use their analysis to make a clear judgement, in this case, about whether the Chief Executive was right to be optimistic.

Mark Ranges and Award of Grades

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