



**General Certificate of Education (A-level) Applied
January 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 Comments

Some centres teach this unit very well, with most candidates able to tackle the full range of the unit. In these centres, the candidates reached firm conclusions supported with in depth analysis of the case study problem. Some candidates even went beyond the case study itself, and related it to contextual issues in the wider economy.

In the longer evaluative questions (12 or 14 marks), candidates must focus on developing in depth answers. There were several candidates who, for the last question on whether the Cardiff Road site should be sold, simply produced a list of basic points both for and against. This shows little application, no analysis and no judgement and thus severely affects the marks achieved.

Question One

- (a) Most candidates could demonstrate an understanding of invoices and delivery notes, but many failed to really explain why it was important for them to match.
- (b) This question produced a very mixed response, with many candidates able to explain clearly what prudence is and then able to show how this related to the potential provision for bad debt. However, in some centres the concept of prudence did not appear to have been taught, as their candidates did not attempt the question.
- (c) Most candidates were able to demonstrate a basic understanding of what bad debt is. To achieve the higher marks, however, they needed to explain the impact it may have on the business, eg it may restrict growth, may reduce *Chennell Flowers Ltd's* ability to pay its own suppliers etc.
- (d) This question clearly engaged most candidates who in many cases could see both the benefits and problems of focusing on either *Advent Trading Ltd* or other customers. Whereas some answers did little more than extract content from the item, other candidates made clear and balanced judgements on the merits of either option. For top marks candidates needed to make a firm judgement as to which course of action the business should take.

Question Two

- (a) This question produced a full range of marks, with some candidates appearing to find the calculation very straightforward, whilst others failed to identify any of the correct figures or concepts to use. Weaker candidates must learn to set out their answer more logically and to show their workings so that credit can be given for demonstrating an understanding of the concepts involved even if they then fail to correctly use the figures provided. Many candidates calculated correctly the interest on the loan and then either divided or multiplied it by five (years) to put it into a one year profit account.
- (b) This question highlighted a problem area. The question clearly asks what impact the delayed payments will have on the cash flow. However, many candidates talked about profit and were clearly confused about the fact that capital repayments do not affect profit (they are paid from profits) but do affect cash flow.

- (c) Some candidates produced very good answers to this question and overall most candidates were able to make some sensible comments on the pros and cons of expansion. Weaker candidates tended to list a whole series of points for or against, but never made a supported judgement as to whether the business should try to expand by taking on the contract. Other candidates made comments about the wider business environment which, whilst helpful and appropriate in making a judgement, are not sufficient if they have failed to look at any of the financial consequences of expansion.

Question Three

- (a) Most candidates could comment on the trends seen in the summary accounts presented for the three years, and described how these related to financial performance. Candidates, however, need to develop the depth of their answers, eg if they say that profits fell and then rose again, why did this happen and what does it mean to the business? Candidates who explained why profits had changed and then drew together evidence to comment on the performance of the business in context (ie faced with a recession in the car sector) scored the best marks.
- (b) Virtually all candidates demonstrated a basic understanding of assets and liabilities and many candidates achieved Level 2 marks. However, some candidates were not able to explain which type of assets or liabilities were likely to be affected by selling the Cardiff Road site.
- (c) On the whole, candidates found it easy to relate to the decision which Jake needed to make, with good comments being made both for and against the sale. To develop full answers, weaker candidates must learn to develop an overall judgement and line of argument. Some wrote on why the site should be sold and then wrote on why it should not be sold, but then failed to put the two arguments together to make an overall judgement.

Mark Ranges and Award of Grades

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