



General Certificate of Education

Business Studies 1131

**BUSS1 Planning and Financing a
Business**

Report on the Examination

2009 examination - January series

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General Comments

Overall, both the case study and the questions were accessible to the vast majority of candidates. Virtually every candidate attempted each question. Time constraints did not appear to be an issue as, quite often, candidates produced their best responses on the final question.

In general, the definition questions were answered well, although there was some lack of clarity, particularly in the definition of 'adding value'. On a significant number of occasions a valid example helped the candidate to express their idea. The absence of definitions from most of the longer questions sometimes meant that it was difficult to recognise how precisely a concept was understood.

The calculation questions were answered well, with many candidates securing maximum marks on these two questions. Some candidates did not appear to have calculators, despite the paper having a large number of marks available for calculations.

Candidates utilised the case study well in order to apply their understanding and develop their arguments, although, on occasions, the application was clearer than the analysis. Candidates must ensure that they explain the logic behind their arguments, utilising business concepts or theory. The numerical data was used well, particularly in question 2(c).

Question One

- (a) This question was answered well by most candidates. Many were able to quote a specific definition, although rather more candidates showed understanding in a less concise fashion.
- (b) This was the best answered of the definition questions. The lack of precision in some definitions made it difficult to ascertain the exact nature of the market research being defined. Many candidates presented a relevant example of market research which helped to clarify the definition.
- (c) This definition provided a greater challenge. However, many candidates were able to state that the term involved increasing the worth of resources by modifying them. A number of candidates appeared to confuse 'adding value' with cost plus pricing or the profit margin.
- (d) This question provided a straightforward challenge and led to many excellent answers. A number of candidates recognised the correct figures, but were unable to utilise them appropriately.
- (e) Although accessible to many, there were a significant number of candidates who were unable to provide a valid formula and whose calculations showed little understanding of the concept.
- (f) Most candidates were able to provide two developed benefits to Youssef of targeting this market segment, although there was a lack of application to the case study in a minority of papers. A number of candidates did not appear to understand the concept of market segment, and answers were sometimes more closely related to market niche rather than market segment. Providing a correct definition in all answers helps candidates to be rewarded

Question Two

- (a) On the whole candidates showed low levels of understanding of this topic area. Those candidates that started with a definition benefited, as this added clarity as to whether the candidate was referring to an overdraft or some other form of business finance. There was a tendency to assume that an overdraft could be utilised for any start-up activity, such as purchasing premises, rather than focusing on its role as a short-term source of finance. Many candidates assumed that interest was not charged on overdrafts. Those candidates that did show understanding were able to analyse the benefits, but even these answers were often theoretical and lacked application to the case study.
- (b) Most candidates showed a sound understanding of the factors that might influence demand, with better candidates demonstrating good analytical skills. A substantial number of candidates showed good application to the specific context of Youssef's Accessories. Disappointingly, relatively few candidates attempted to evaluate these factors. Those candidates who were able to draw upon the case study, and their understanding of business studies, in order to indicate the relative significance of the different factors, scored well on evaluation.
- (c) Most candidates were able to draw upon the information and data within the case study to provide a well considered evaluation of the two options. There was some outstanding analysis of the data provided in the case study, for example calculating and comparing the potential profit and/or break-even output for the two options, or using the cash flow to draw up a comparison of the relative financial benefits of the two options. This approach helped candidates to demonstrate the most impressive evaluation skills, although a number of different approaches could be to achieve high evaluation marks.

Some candidates became sidetracked by assuming that Option 1 involved Youssef being a sole trader, whereas in Option 2 Youssef's business would be a public limited company. Weaker responses tended to just produce a list of relevant issues, showing knowledge and some application, but very limited analysis and evaluation.

Mark Ranges and Award of Grades

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