



**General Certificate of Education (A-level)
January 2012**

Business Studies

BUSS1

(Specification 2130)

Unit 1: Planning and Financing a Business

Report on the Examination

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General Comments

Overall, this paper differentiated well between students. Although, as in the past, some students do not perform as well as they might because they do not read the questions carefully enough and their answers drift away from the question set.

The definition questions again proved to be quite challenging for students because many find it difficult to explain their thoughts precisely without re-using the words in the question. However, a growing number of students begin their answers to the longer questions with a definition, which often helps to clarify their thinking in the subsequent analysis.

The two calculation Questions 1(d)(i) and 1(d)(ii), were generally well answered. However, students showing their working, even if the answer was incorrect, invariably benefited as the examiners could reward relevant working. Those students with good numeracy skills were also well rewarded in Question 2(c). Unfortunately, relatively few students show their working out when providing a calculation in longer questions. This is unfortunate as examiners are then unable to reward any understanding which may have been shown in these workings.

As in previous years, Question 1(e) featured answers that showed good knowledge but lacked application to the case study. Arguments needed to be closely linked to the case.

The longer questions illustrated the importance of careful reading of the question to ensure precise understanding, as many students produced answers containing invalid arguments that could not be credited.

High level evaluation skills were less evident in this paper, particularly in Question 2(b) where many students devoted too much time in providing superficial analysis of a number of arguments. Students are advised to develop a few key arguments in depth.

Question One

- (a) In this question, many students failed to recognise that a market segment refers to the customers rather than the product, with some students confusing 'market segment' and 'niche market'.
- (b) Nearly all students showed a good understanding of the 'electronic' part of the question, but, overall, relatively few students earned maximum marks. This was often because of a failure to express ideas clearly. In this instance, students were not able to express the notion of a 'market' as a place where buyers and sellers meet.
- (c) The concept of 'value added' was defined well but relatively few students thought about why personalising a product could extend the difference between costs and selling price. Some students gave a good definition but then did not develop their answer further.
- (d) The majority of students showed an excellent understanding of profit calculation. However, the interpretation of 'total contribution' was often vague or confused with 'contribution per unit'. Nevertheless, many students were able to provide a correct calculation to both parts of Question 1(d).
- (e) Most students defined primary market research well. The better answers drew on the case study to show the benefits for Pierre's business; application is essential for higher marks on this type of question.

Question Two

- (a) This question showed the importance of a good definition at the start of an answer. The better students identified the short-term nature of the bank overdraft and the impact of seasonality and credit terms on Pierre's cash flow. A number of students used Figure 2 to demonstrate the need for an overdraft. Making use of data given is a good way of strengthening a response. In many answers it was not clear whether the student was referring to a loan or an overdraft; with students identifying it as a source of major capital expenditure. This is an issue that has arisen previously. There were some students who wasted time by discussing the drawbacks of a bank overdraft.
- (b) This question was accessible to the vast majority of students. Able students discussed the ways in which reducing variable costs or fixed costs or increasing prices would lead to lower break-even output. This logic was developed in the context of the business, leading to an overall judgement on the best approach or approaches to use. However, many students confused break-even with profit and sales generation and gave responses that focused on spending more money on advertising (or cutting prices) in order to increase sales and profit.
- (c) The better answers used the data to calculate the budgeted profit and then developed a discussion of factors that might improve or worsen this estimate, culminating in an overall judgement. Overall, the quality of calculations varied. Most students taking this approach calculated revenue successfully but relatively few succeeded in calculating total costs. A surprising number of students produced answers that were not relevant. These answers either ignored the options that Pierre chose, or interpreted the question as "What is the best way for Pierre to make profit?"

Summary

As in previous papers, students' analysis often lacked the depth required for the higher levels of the mark scheme.

There was evidence of careless reading or misinterpretation of the question by some students.

Mark Ranges and Award of Grades

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