



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

**Business Studies**

**BUSS1**

**(Specification 2130)**

**Unit 1: Planning and Financing a Business**

***Report on the Examination***

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## General Comments

This was a very accessible paper with students having a clear understanding of the nature of the business in the case study. However, although this enabled students to show good application skills, it was evident that many students were merely narrating from the text and not using the case study to directly answer the questions being posed. In places, students showed excellent analytical skills, particularly where arguments were explained in the context of the business in the case study (so students were applying and analysing at the same time). However, analysis was often quite superficial in the longer questions.

The majority of the students found the calculation questions to be straightforward. Not only did this lead to higher marks on Question 1, but it also gave students more time to extend their answers to the longer questions, especially Question 2(b). Most students used this time well to extend the depth of their responses in terms of analysis and application, although many evaluative conclusions for both Questions 2(b) and 2(c) were rather brief.

Responses to Question 2(c) were usually briefer than those for Question 2(b). In the latter question some students' answers tended to focus extensively on theory and so the responses lacked application. There was little evidence to suggest that students were running short of time, although they may wish to consider how this is allocated in terms of structuring their responses.

## Question One

(a) Most students earned some credit for defining fixed costs in this question, but a significant minority did not indicate the relationship between fixed costs and output. A lack of precise vocabulary impaired some definitions and a number of students provided examples without actually defining the term accurately.

(b) & (c) Over half of the students achieved full marks for Question 1(b). Although questions in previous papers indicated some imprecision in students' knowledge of 'added value', the majority were able to identify the correct figures to use for this calculation. As expected, Question 1(c) also proved to be very accessible with over two-thirds giving the correct answer. The most common failing in both questions was a failure to read the wording of the question carefully, leading to incorrect calculations, such as covering the wrong time scale. It is important for students to be aware of the precise requirements of each question.

In both of these questions there were a noticeable number of arithmetic errors, with marks lost through incorrect calculations rather than the use of an invalid method.

(d) There were some good responses to Question 1(d) although a number of students did not distinguish between factors influencing the expenditure budget and those affecting the income budget again highlighting the need to read the question carefully. Relevant points were usually identified but the responses did not necessarily explain the impact in terms of the difficulties it would create in getting an accurate estimate of the expenditure budget.

- (e) There were mixed performances on the break-even tasks in Question 1(e). In Question 1(e)(ii) the break-even point was successfully identified but answers to Question 1(e)(i) were less precise. The most common error was in moving the total cost line parallel to the original. In Question 1(e)(iii), the answer was often displayed as a shaded area rather than a vertical line, showing a basic misunderstanding of how profit can be measured on a break-even chart. Students from a number of centres showed the bc (profit) line as a separate line on the graph, often showing the correct profit of £14 250 at 225 units of output (this method is shown as the alternative bc in the mark scheme). However, it was noticeable that most of these lines showed a profit of zero at 0 units of output. Such lines should show a loss equivalent to the fixed costs (£15 000 in this question) at 0 units of output; profit is zero at the break-even level of output.

## Question Two

- (a) Overall, the answers showed a much better understanding of sources of finance than previous papers. Students showed a good understanding of both concepts (personal finance and bank loan) and used this understanding well. Some answers tended to be too descriptive and thus lacked analysis. The better responses picked up the issues surrounding interest rates, collateral and the flexibility of repayments and presented a comprehensive response. Some students explained the drawbacks of personal finance, although this contrary approach was less evident than it has been in previous 2(a) questions.
- (b) Students showed good understanding of market research, although some issues presented went beyond the scope of market research and were not credited. Almost all students picked out relevant points and explained them in context, showing good application. However, many answers were rather narrative, describing the market research but providing limited commentary on whether it was conducted well. In particular, evaluation was often lacking with judgements that did not tend to link to the evidence presented. There was limited evidence of ordering the importance of arguments. Some students devoted too much time to a discussion of the relative merits of primary and secondary market research, with insufficient use of the case study.
- (c) Again there were a number of narrative responses but, in general, this question was answered well. The large majority of students identified the key points and carried out reasonable analysis, but there was a need for students to specify the more significant factors in order to provide more detailed analysis and application. As in previous papers, a number of students focused on advising the entrepreneur on what they should have done, rather than addressing the question set.

In both Questions 2(b) and 2(c) there was evidence that students had plenty of time to complete their responses. However, the accessibility of these questions seemed to lead to extensive application and analysis at the expense of evaluation. Many of the high-achieving students devoted too little time to evaluation.

## Mark Ranges and Award of Grades

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