



**General Certificate of Secondary Education
January 2012**

Business Studies

413001

(Specification 4133)

Unit 1: Setting up a Business

Report on the Examination

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General Comments

There was an improvement in the number of students providing justified recommendations in the longer evaluation questions. Some centres have developed templates for their students to use which, in most cases, appear to help. In some cases, however, the students' answers have little relation to the structure they are trying to use with some students starting with a judgement but then ending with a contradictory conclusion. For the highest level of evaluation marks to be awarded the judgement must be consistent. There is still a minority of students who, for the evaluation questions, provide long and detailed answers but fail to reach any or sufficient judgement. These answers often start with a definition which is not necessary. It should also be remembered that merely describing points for and against particular options will only gain level 2 marks. In order to progress to level 3, there needs to be further development of the point related to the scenario.

Students had a good understanding of the three scenarios and there was an improved understanding of the functions of a social enterprise compared to when this topic was last set. Application continues to be a key differentiator as answers to questions 1(b), 1(c) and 2(d) were either very generic or failed to take into account sufficiently the circumstances of the businesses being discussed. The best students are clearly used to tackling similar type scenarios in class, both orally and in writing.

Question 1

- (a) This was a well answered question, with most students going for shared finance, more ideas or flexibility over working, illness and holidays.
- (b) This was well answered with the need to repay and the requirement of interest being by far the most common responses.
- (c) Students were able to identify and explain possible sources of finance such as friends or relatives or possible grant sources. Many, however, did not explain why it might be suitable for two young people starting off in business. Overdraft was also mentioned by a number of students, which though a possible source of finance, was not appropriate to the context.
- (d) Students were able to identify the benefits of a business plan, ie gaining finance, monitoring and evaluation, but often failed to relate these to the case study situation.
- (e) Students used the context well in discussing the options, with the local aspect of the newspaper against the international possibility of a website being a good example. In coming to a conclusion, aspects such as cost and feasibility were often argued inaccurately for both options. Some consideration was also made of Tony's Media Studies course which showed good use of the data in Item A. Full marks could be gained by just considering one option although this would need consideration of its advantages and disadvantages as well as a well-reasoned conclusion.

Question 2

- (a) This question was answered well with many answers mentioning health and safety, equal opportunities, minimum wage or referring to an entitlement to compensation.
- (b) A minority of students misread this question and referred to how the farm should motivate its workers, or the benefits to the workers of being motivated, rather than the benefits to the firm. Most valid benefits related to the quantity and quality of production, or related costs.
- (c) This question was often carelessly answered. Some students went back to job descriptions or adverts when the question stated that the job applications had already been received. The better answers referred to the process, ie interviews, practical tests or trials with discussion related to criteria such as experience and qualifications. Only a minority, however, related this to the context of the Farm Manager and some of the issues they would face.
- (d) The majority of students compared the risks and benefits of internal and external recruitment within the context of issues such as the low motivation and the lack of sales experience. Often, however, conclusions were too brief given the marks available. Unfortunately, a minority of students had pre-learnt answers comparing internal and external recruitment. These were reproduced with no attempt at context and so were only able to gain two or three marks.

Question 3

- (a) This question proved a good test for the students. The better answers had a real sense of a business like enterprise raising money for a good cause. The weaker answers tended to describe some sort of venture where people could meet each other.
- (b) This was a well answered numerical question, with many students gaining full marks. A minority omitted one of the costs (normally wages). There continues to be a small number of arithmetic errors, ie with subtraction of two separate costs, though credit is given for workings.
- (c) There were a number of very good answers to this question covering both the immediate cost savings, and so increased profits, as well as the likely effect on quality and so customer opinion and sales.
- (d) The best answers compared the options, ie of staff savings versus cheaper ingredients, and related these options to maintaining quality. A minority chose to answer a different question, ie how to improve profitability, often discussing raising prices which was not part of the question. It is important that students read the full question carefully.

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