

GCSE

Applied Business

413007 – Business Finance

Report on the Examination

4136
June 2013

Version: 01

Further copies of this Report are available from aqa.org.uk

Copyright © 2013 AQA and its licensors. All rights reserved.

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

General Comments

Students (and Centre's) should be congratulated for the way data has been used and manipulated to provide applied answers. For example, in Question 1(b)(i) it was pleasing to see how many students had applied the formula given in Item A to calculate the change in break-even that would occur if fixed costs rose and many calculated further by how much.

Apart from Question 1(a), all questions require application. This can manifest itself as 'context', 'appropriateness' or suitability. In Question 1(b)(ii), students were asked for a suitable action to solve a problem. Students who offered actions that referenced sourcing cheaper materials risked not being 'suitable' as a high quality business would be unlikely to choose that route.

The final part in all questions allocates two marks for analysis and five marks for justification. For analysis, students have a tendency to list points rather than trying to develop them into a chain of argument. Judgement is part of the difficult skill of evaluation. A common weakness is for students not to make a judgement, and just list pros and cons. Making a judgement is vital. For higher marks, use of information and figures is helpful. A balanced argument tends to attract full marks.

For a balanced argument it is not sufficient to state 'I have considered the advantages and disadvantages and on balance I think the advantages outweigh the disadvantages'. The judgement needs some form of weighting. For example, in Question 2(c) students are asked to say how the business should finance the new frying equipment. Students could argue for a number of different options. If they chose leasing they could show the benefit to cash flow (using figures) and for justification, they could point to the fact that the other attractive options such as a loan or a reduction in drawings could be available to fund other expensive items that need to be replaced soon as identified in Item B.

Question One

- (a) Most students were able to score one or two marks, however, there were a number of students who could not demonstrate knowledge and gained no marks.
- (b) (i) This question was well answered. There was excellent manipulation of the figures.
- (b) (ii) Many students continued to use break-even calculations here, following on from the previous question, which helped with context. Unfortunately, not all actions were suitable as identified in the 'General Comments' section.
- (c) Some excellent references to the market research were made, but some students suggested that 40% of young people thought that the prices were too high when it was, in fact, 60%.

There was less use of numerical information in this question than in Questions 2(c) and 3(d).

Question Two

- (a) There was confusion between cash and profit. This is a recurring issue that restricts a student's ability to gain higher marks.
- (b) This question proved to be a good differentiator with successful students using the cash-flow forecast to illustrate the impact of leasing.
- (c) There was generally good analysis on this question, however, as with other evaluative questions, there was a lack of a weighted justification.

Question Three

- (a) Some students treated the balance sheet as a profit and loss account so subtracted where they should have added.
- (b) The responses to this question were often disappointing:
 - students seemed to think that the balance sheet was for *Thornley's* as opposed to the *Happy Haddock*
 - students suggested that the balance sheet would indicate profits
 - students did not make use of the figures such as the value of premises being close to the amount of the loan with the resulting collateral implications.
- (c) Students were able to make statements/explanations involving factors such as seasonality, competition or quality.
- (d) Most students were able to provide answers rooted in the context provided in the item. Unfortunately, these answers did not always culminate in a decision.

Mark Ranges and Award of Grades

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

Converting Marks into UMS marks

Convert raw marks into Uniform Mark Scale (UMS) marks by using the link below.

[UMS conversion calculator](#)