A-LEVEL
BUSINESS STUDIES

BUSS1: Planning and Financing a Business
Report on the Examination

2130
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Overview

The case study focused on a business providing gluten-free food. Students showed a good understanding of this context, but there were some invalid assumptions made by candidates concerning the second owner. Students used the case study well to show application and evaluation, but the most noticeable improvement was shown in analysis, with some well-developed arguments in Questions 2a and 2b, especially when explained in the context of the situation in the case study. However, there was still a tendency for analysis to be quite superficial with students not discriminating in their choice of ideas to present. For the longer questions, it is essential that candidates read the questions carefully and plan their answers, to make sure that they keep focused. There was a distinct increase in the number of irrelevant answers in comparison to previous series.

Question 1

Most students earned some credit for the definitions in questions 1a and 1b, but many definitions lacked precision and were poorly expressed, limiting the number of students earning maximum marks. Clear use of terminology is essential for these definitions.
In 1c, most students were able to demonstrate good knowledge of trademarks, but fewer applied their answers effectively. Some confused trademarks and patents indicating that Akanni's trademark would stop his competitors copying his products. It is crucial for students to understand the context of the case study.
The breakeven calculation proved to be more challenging than expected with a significant number of students using total contribution as the denominator rather than contribution per unit. There were many other incorrect formulae provided, notably price/total costs. Those that knew the correct formula generally produce high scoring responses.
In 1e, limited understanding of stratified sampling was shown by many candidates, and where the term was understood there were some excellent answers that used the case effectively to explain why this methodology was used.

Question 2

(a) Most students showed an understanding of income budgets, but some were unable to find an alternative way of expressing 'income'. The better answers showed a very astute understanding of the nature of the problems facing Akanni in producing an accurate income budget. However, there were many responses that were not well-planned and tended to drift into discussions of expenditure budgets, despite having commenced their answers with the correct focus on income. There was also evidence of students not answering the question with them discussing consequences of an inaccurate income budget rather than the causes. Again, this may have been due to poor planning because some of these answers commenced with the correct approach and then drifted into irrelevance.

(b) There was some excellent analysis in this question, particularly concerning the relationship between limited liability and risk taking. Many students also used the data in the case study very effectively, typically when presenting arguments to show the value of bringing Giles into the business. On the whole, student understanding of sole traders and private limited companies was very good, although many students confused the terms plc and ltd, and some discussed partnerships. Some candidates devoted too much time to explaining the differences between the two types of business, thus 'crowding out' the opportunity for application and analysis. It was also quite common for students to provide detailed analysis but then fail to draw an evaluative conclusion.

(c) There were some good responses to this question, with some excellent use of the data provided. However, many focused on sales revenue rather than profit and so the analysis was of limited validity. Many responses used a purely literate approach, discussing issues but ignoring the important numerical data provided. Some students provided a comprehensive consideration of the advantages and disadvantages of both options, but did not bring the discussion together in order to support their arguments.

Mark Ranges and Award of Grades

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