AQA

A-LEVEL
Business Studies

BUSS1: Planning and Financing a Business
Report on the Examination

2130
June 2015

Version: 1.0

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Overview

The case study focused on a self-employed electrician. Students showed a good understanding of this context and were able to draw on the case study to show application, although the quality of application varied between questions. In question 1 most students provided clear definitions and accurate calculations. For question 2 students used the case study well in the evaluation questions, but there were many purely analytical responses to question 2a. Overall, the use of numerate data to support arguments was disappointing. A small minority of students answered question 2b without reference to the case study. Evaluation proved to be challenging, possibly because students were reluctant to take a critical view. In question 2b there was a reluctance to disagree with the statement in the question whilst in question 2c the vast majority of students argued that Ed should become a sole trader, even though the evidence presented in their arguments suggested otherwise.

Question 1

(a) The vast majority of students provided 'textbook' answers to the definition of 'opportunity cost' and earned both marks.

(b) Responses to this question were less clear as many students described share capital in a way that could have applied to other forms of finance. There was also confusion as to which forms of legal structure would use share capital.

(c) In question 1c, most students earned marks for a good definition and then used the information in the case study effectively to earn application marks. Many responses demonstrated an excellent understanding of price elasticity of demand which, although it was not a requirement for full marks on this answer, did provide an opportunity to explain the benefits of Ed's market research report.

(d) This question required students to use familiar financial concepts in a novel situation. Most students responded well to this challenge, with just over half earning full marks. Even where students did not recognise the path to the correct solution, most were able to provide partial answers that earned some marks. A common error was a failure to deduct profit in order to achieve the final answer.

(e) Question 1e proved to be more of a challenge. Most students were able to define the term of limited liability accurately and apply it, but struggled to fully recognise the implications for Ed's supplier, often because they misinterpreted the supplier's role.

Question 2

(a) Definitions of personal sources of finance were good, but overall the answers to this question were disappointing. Two main problems were apparent. Firstly, answers were too theoretical with little attempt to use the information in the case study to apply the answer to the business in the case. Secondly, this question showed a recurrence of an approach that has, in the past, proved to be a problem for analytical questions. A significant number of students provided arguments that met the requirements of the question – to show why Ed's decision to use personal finance was a good decision. Unfortunately, these students then introduced and explained reasons why Ed should **not** have used personal sources of finance. Consequently many answers ended in irrelevance; often preventing the response from reaching level 4. Good answers showed good analysis of the benefits of personal finance, supported by information and data from the case to demonstrate why this source of finance was particularly suitable for Ed.

(b) Most students recognised the seasonal nature of the business and presented well-reasoned responses in the context of the case study. However, there was confusion with the notion of income as a factor influencing demand. Many students picked up on Ed's income budget and provided answers that described consequences of changes in demand rather than causes. The importance of price also caused some difficulties, often showing a lack of planning in the answer. A number of students started by agreeing with Ed's statement (which suggested that price was an important influence on demand) and then used the data in the case study to go on to show that it was not very important at all. However, their final evaluation often confirmed their original view and so many judgements were not consistent with the students' own evidence. It is advisable for conclusions to be based on the overall balance of evidence provided. There is not always a "correct" conclusion, but examiners are asked to assess whether a student's judgement is based on the valid evidence that they provide. Many students provided lengthy analysis and application and in some cases this restricted the time available to provide sufficient evaluation.

(c) When answering this question there were a number of students who did not use the data presented in their response and so provided answers that used a largely literate approach, discussing relevant issues but ignoring the important numerical data provided. Better answers used the available data, such as the potential income of self-employed electricians. In doing so, however, some students failed to use more pertinent data, notably Ed's forecast profit (which required a straightforward calculation) and his annual wages as a self-employed electrician, in comparison to his wage as an employee. There were, however, some excellent responses to this question, with some very good use of the data provided. Overall, this question was answered better than question 2b, with a good blend of analysis and application.

Mark Ranges and Award of Grades

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UMS conversion calculator