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General

The consistent structure of the paper meant the questions in this series were split into 3 sections as in all previous series for this qualification. Sections A and B each had five questions, ranging from 2 to 10 marks, and Section C had one 20 mark question. Once again, it was evident many learners had used papers from previous series to practice their responses and especially pleasing to see, note had been taken of many of the points in previous examiner reports.

In general, learners appeared to be well prepared for most of the topic areas on this paper. However, there were some topics where that did not appear to be the case. The ability of the most able learners was shown through relating their knowledge and understanding to the evidence presented, whereas those struggling with such concepts typically answered questions with a more generic approach and/or inaccuracies. The levels of response questions required understanding to be developed and applied to the relevant evidence. Although this approach was adopted by some, there were instances where a basic understanding was demonstrated, thus limiting the attainment of higher levels. There did not appear to be many issues with the length of time learners needed to complete all questions set.

Report on individual questions

Section A

Question 01(a)

There were 2 parts to the question to define the term 'market share' and examiners were looking for references to 'sales of a business' OR 'revenue of a business' and 'as a percentage of the whole market' or equivalent. Learners had to provide both parts to gain 2 marks. Examples were occasionally used by learners but, as in always the case with 'define' questions, no marks are available for these.

The formula was accepted for two marks but definitions relating to the market being owned/controlled by a business were not accepted as they did not define the term requested.

Partial explanations scored 1 mark. Although many learners provided an accurate definition, others were too vague, meaning the required knowledge was either only partially, or not demonstrated at all.

Tip: Unlike with higher mark tariff questions, reference to information in the extract(s) is **not** required for 'define' questions.

Question 01(b)

Many learners were able to offer a valid reason why profitability may be affected by the level of experience of an accountant and so scored the 1 x knowledge mark available. Any cause or consequence in development of this reason was credited with the 1 x analysis mark available. There were a number of ways that the 2 x application marks could be credited, which included direct use of the figures from Extract B in the response and/or calculations involving the figures.

Tip: There are NO marks for a definition in questions with the command word 'explain'.

Question 01(c)

Good responses were able to analyse two possible ways that customers of accountancy businesses may be affected by competition policy. The ways could relate to greater choice, lower fees, favourable payment terms or any other appropriate response. However, the question did not ask about the ways that accountancy businesses themselves may be affected by competition policy, so responses that attempted to answer with such did not score the mark.

The ways offered were not necessarily applied and/or analysed appropriately. Stating a part of the extract in isolation is NOT application. It must be applied to the way, for example, 'More favourable payment terms may be offered, such as customers having 90 days in which to pay for the services received'.

To analyse this point, a cause or consequence is needed. 'Analyse' questions do not have any AO4 (evaluation) marks.

Tip: There are 2 knowledge marks, 2 application marks and 2 analysis marks for analyse questions. Although the knowledge marks can be given for an appropriate definition instead of stating 2 ways/advantages/reasons etc., it is not possible to apply or analyse the definition and so marks are likely to be limited with this approach and learners should focus on stating, then applying and analysing the two ways/reasons/advantages etc.

Question 01(d)

This question was marked using the levels-based marking grid. For an 8 mark 'discuss' question there are three levels. Examiners read the whole response and decide which level is the best match. If a response is lacking certain characteristics, examiners move towards the bottom of the level. If it is a strong match they will move towards the top, and this approach is used for all levels of response questions on the paper.

There was a range of discussions about the suitability of factoring in order to improve liquidity for Levine. Stronger responses presented chains of reasoning based on the evidence in the extracts.

Some responses did not understand the term factoring and so were unable to answer the question, whereas others failed to achieve a higher level because the response was limited to just a reference advantages and disadvantages of factoring, with no refence to the effect on liquidity, offered generic responses and/or without presenting developed chains of reasoning.

Tip: The command word 'discuss' requires a two-sided argument. If a learner doesn't provide a two-sided argument or presents a generic answer, they would be unlikely to reach higher levels. A conclusion is not required for an 8 mark discuss question.

Question 01(e)

This was a levels-based question with 4 levels. Although many learners showed a good understanding of employee motivation, they were not always able to provide developed chains of reasoning in their assessments or to assess its likely effectiveness in increasing productivity.

Analysis and assessment of the effectiveness of both financial and non-financial motivational factors may have been used in arguments. However, some responses presented were generic and/or failed to fully answer the question. Therefore, reducing progression through the levels.

The question did not ask about the positive and negative effects of employee motivation and so chains of reasoning relating to this were unlikely to progress through the levels.

Similarly, attainment of higher levels requires developed chains of reasoning, in context, in order to assess the points made. Without this, the higher-level descriptors are not matched, meaning only a low-level mark is likely to be achieved. For applied responses, examiners were looking for evidence from the extract to be used and not simply stated without being relevant to the point(s) being made.

Tip: The command word 'assess' will always require a more in-depth development and some evaluation of the arguments compared to the command word 'discuss'. Learners are encouraged to use a range of relevant evidence throughout the response to highlight their points and NOT to simply list (generic) factors without developing chains of reasoning or providing an assessment.

Section B

Question 02(a)

There were 2 parts to the question to define the term 'efficiency' and examiners were looking for references to 'producing a level of output' and 'minimising average costs' or equivalent. Learners had to provide both parts to gain 2 marks. Examples were occasionally used by learners but, as in the previous 'define' question, no marks are available for these. Partial explanations were awarded 1 mark.

Tip: This question will always have 2 marks available for a definition so ensure that your response is fully developed and is not a vague attempt at explaining the term.

Question 02(b)

The correct current ratio was calculated by many learners. Therefore, they scored all 4 marks. Marks could be gained for showing workings, but these were not necessary if the correct answer was shown.

Some learners were able to show knowledge of the formula and/or apply the correct figures meaning some marks could be awarded for accurate knowledge and/or application.

Tip: It is always a good idea to show your working, as, although an incorrect answer won't score full marks, if the formula and/or application is accurate, some marks can still be attained.

Question 02(c)

More able learners were able to analyse two non-financial motives for setting up a business. A good use of application was seen in many responses, applying to smol but sometimes a part of the extract was simply stated separately, rather than used in the analysis. This does not allow access to the application marks.

Analysis of the motive(s) leading to consequences which may have been financial or non-financial were accepted and were often successful in scoring higher marks.

Tip: Make sure the extract is USED to apply the knowledge, not simply copied directly into a stand-alone sentence.

Question 02(d)

Like 1d, this was marked using the levels-based marking grid and consisted of 3 levels. Learners were generally able to provide a response which discussed whether lean production will always lead to a competitive advantage, with many providing suitable application and development to progress through the levels.

However, there was some misunderstanding of the term 'lean production' and some learners didn't discuss any impact on competitive advantage, thus leading to incomplete responses.

Better answers were able to apply evidence from the extracts when providing developed chains of reasoning. These were able to achieve a mark at the top level.

Tip: The command word 'discuss' requires both sides of an argument. Some learners only look at one side, thus reducing the chance of attaining a mark at a higher level, due to not providing an awareness of competing arguments.

Question 02(e)

As with 1e, this was a levels-based question with 4 levels. Many learners were able to provide a good understanding of share capital, but not all were able to distinguish between share capital for private and public limited companies or to provide a developed assessment regarding the appropriateness for a private limited company, such as smol.

A response which only offered alternative methods of finance, without assessing share capital, was, at best, only likely to achieve a low-level mark because it did not answer the question. Examiners were looking for a balanced assessment of developed and logical chains of reasoning, relating to the appropriateness of share capital as a method of finance, to progress a response to the top level.

Tip: As with 1e, the command word 'assess' will always require more depth and development of the concept and chains of reasoning compared to the command word 'discuss'.

Section C

Question 03

This is the highest mark question on the paper, worth 20 marks and with 4 levels. However, although the understanding demonstrated by many learners was of a suitable standard, some responses struggled to apply the extracts appropriately or provide balanced arguments. Rewriting the extracts to state the information provided to learners in the first place, rather than answering the question, did not enable the learner to progress through the levels.

Some learners didn't respond to the need to evaluate other ways in which sales volume may increase, which was part of the question alongside offering discounts. Others presented a response showing just advantages and disadvantages of advertising and/or selling to a wider market but failed to evaluate offering discounts. None of these approaches answered the question fully, meaning the response was unlikely to provide a strong match to the higher-level descriptors.

Any area of the specification can be targeted by any of the questions on this paper. It is therefore important to give sufficient teaching and learning time to all topics on the specification.

Tip: This is an 'evaluate' question meaning that ideas needed to be developed and presented with understanding of the significance of competing arguments. To achieve the top level, amongst other things detailed in the mark scheme, an effective conclusion is sought.