
AS

Business

7131/2 Business 2
Report on the Examination

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Overview

The paper acted as a good discriminator providing challenge to allow students to demonstrate their skills effectively across all the assessment objectives. All questions proved to be accessible to students.

Reassuringly the majority of students demonstrated a sound understanding across the paper and had clearly been prepared well for the paper. Less successful students showed a lack of understanding or basic confusion in relation to their business knowledge.

Many students developed responses with well-structured and developed answers, with better responses focusing well on the demands of the question being addressed. It was evident that students understood the varied demands of the different styles of questions and developed responses accordingly.

As was the case last year, better responses to longer answers tended to show evidence of planning – a short time breaking down the demands of the question; selecting carefully the most relevant points to use and planning how to construct the answer often allowed students to access higher levels. Concise thoughtful responses that focus on the demands of the question proved most effective.

There was no evidence of students struggling to complete the paper in the time available. A significant number of students used additional pages. These should only be needed if students have large handwriting or need to amend an answer that has been crossed out. In most cases, when additional pages were used, students simply extended their answers adding detail and volume to their answers rather than depth. It was rare that the use of additional pages resulted in students moving to a higher level in the marking scheme. Time spent extending answers on additional pages would usually be better spent planning a more concise and focused response.

The quality of handwriting continues to be a concern – it is difficult to follow an argument offered in an answer that is difficult to read and illegible numbers are impossible to credit.

In preparing students for future examinations teachers should encourage students to:

- use the case material to support the building of effective arguments – in particular reflecting the situation relating to the question. This will avoid generic answers with little reference to the case.
- consider the 'timeline' of events in the case as a steer to considering the issues in a question – particularly when the question steers towards a particular part of the case.
- be precise in their use of business terminology – a number of questions provided evidence of this being a weakness.
- develop the depth of an argument which is clearly focused on the question asked.
- ensure there is appropriate balance in arguments for evaluative questions
- consider whether the final judgement builds on what has been argued. The judgement sometimes ignore significant parts of the earlier arguments.
- practice the planning and completion of longer questions – particularly the final question, which has a broader dimension and invites students to develop their argument outside of the case study.

Question 1

This question was split into two related parts this year – both related to understanding Profit Margins.

Question 1.1 proved to be a very accessible calculation, with the vast majority of students able to secure the 2 marks available by correctly calculating Gross Profit Margin (GPM). Some students fail to show their workings; this is a risky strategy as any errors will lead to zero marks, whereas marks can be gained from demonstrating understanding through formulae or the process.

Question 1.2 proved challenging for students. Good answers focused on the differences between the Gross and Operating Profit Margins and understood that the differences in figures related to decreasing expenses. It is a concern that many students performed poorly on this question having accurately calculated the GPM in Question 1.1 – demonstrating that students are capable of carrying out the mechanics of a calculation but possibly do not fully understand what the figures mean.

When viewed together the question discriminated well as a 6 mark question.

Question 2

Most students identified the key relevant arguments of limited liability and accessing finance and expertise from other shareholders. There was a good understanding of the concept of limited liability and the related benefits. However, it was quite rare to find answers that made references to Stephanie's own circumstances. Good answers related points clearly back to the issue of 'risks' in the context of Stephanie's position.

Weaker responses tended to focus on the generic benefits of establishing a private limited company and the requirement in the question to consider the effect on risks

Question 3

There were many very good responses to this question. Most were able to identify operational objectives and make a connection between a reduced number of suppliers and the former.

Weaker answers lacked an 'operations' focus and drifted into finance and marketing issues. There were a number of opportunities to relate answers to the case – such as past problems with reliability of suppliers – but these were not utilised fully by all students.

Some students wasted time discussing the drawbacks of reducing the number of suppliers, which was not relevant to the question

Question 4

Better answers demonstrated understanding of Blake Mouton and developed their response from that. Many students simply asserted that 'team management' would be motivational and thus resulted in the judges' comments. Better responses offered an analytical link saying why it was motivational and then relate this to the judges' comments. Although not an explicit requirement, the use of theory here was quite sparse: when it was used it usually added welcome depth.

To provide clarity the question stated that the approach was 'team management', but despite this some students formed their answers on the premise that it was a different approach such as 'Country Club'. Focusing on the question would have proved beneficial here.

Question 5

This question worked well and proved very accessible; there were clear opportunities for development, balance and judgement. Stronger responses showed a clear, precise understanding of a niche market in the context of the case and weighed up the arguments for G-Free Ltd only supplying this niche being a risky decision.

Relatively weaker responses seemed unclear on what a niche market was and did not address the issue of whether it was a 'risky decision'.

Question 6

One of the most common errors with this question was that students lost sight of the connection to stakeholders and instead talked about the benefits to the business of introducing lean production. Another very common, and surprising error, was to confuse stakeholders with shareholders. It is disappointing how many students still do not know what a stakeholder is.

This question is broad and is an example of one which rewards students who pause to think and plan before answering. This allows students to be selective, for example to focus on the most relevant stakeholders in this context and develop a clear overall judgement.

In good responses students developed a range of arguments to offer a balanced answer. These included a judgement that was well supported by the earlier arguments which used the context and theory well.

Question 7

Although there were some good answers to this question it served as another example of a question where students would gain from taking time to plan and think before selecting the salient points to use in their answer.

Many students chose to offer very long theoretical answers – restating all they knew about public limited companies; their features; advantages and disadvantages. Some failed to address the question of raising significant amounts of capital at all.

A significant number of students had worrying gaps in their knowledge for example:

- believing public limited companies were owned by the government in the public sector.
- suggesting that **all** other sources of finance would be equally appropriate for raising significant amounts of capital without selectivity, too often including overdrafts for example.
- believing issuing shares is quick and free for a plc.

Some weaker responses focused on what the capital raised could be used for rather than the best ways to raise it.

However, the vast majority of students made a reasonable attempt at this question – there were no signs of students running out of time. This final question carries 20 marks – 25% of the whole paper and most students seemed to allocate enough time, but as with Q6 and Q7 only the better answers showed evidence of effective and thoughtful planning.

With this final question students are asked to consider an issue that is important in the case itself but compare and contrast this with different business situations. It is a more open question than the other ones because students can consider contexts other than the case study. What might be a good option for G-Free Ltd in the case might not be the best option for another business and students can discuss this. In this question, for example, whether selling shares is the best way to raise large amounts of capital may depend on whether the existing owners are willing to lose control, what price the shares could be sold for and what alternatives there are – for example, is the business able to borrow and if so at what interest rate? Strong responses need to debate the issues not just analyse them; in this question students needed to make judgements on why they think selling shares is or is not the best way to raise large amounts of capital. This requires more than simply analysing the advantages and disadvantages of selling shares to raise finance; it requires supported judgement of whether this is “best” way of raising finance.

Use of statistics

Statistics used in this report may be taken from incomplete processing data. However, this data still gives a true account on how students have performed for each question.

Mark Ranges and Award of Grades

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