



GCE EXAMINERS' REPORTS

**BUSINESS STUDIES (NEW)
AS/Advanced**

JANUARY 2010

Statistical Information

This booklet contains summary details for each unit: number entered; maximum mark available; mean mark achieved; grade ranges. *N.B. These refer to 'raw marks' used in the initial assessment, rather than to the uniform marks reported when results are issued.*

Annual Statistical Report

The annual *Statistical Report* (issued in the second half of the Autumn Term) gives overall outcomes of all examinations administered by WJEC.

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BUSINESS STUDIES
General Certificate of Education
January 2010
Advanced Subsidiary/Advanced

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Unit Statistics

The following statistics include all candidates entered for the unit, whether or not they 'cashed in' for an award. The attention of centres is drawn to the fact that the statistics listed should be viewed strictly within the context of this unit and that differences will undoubtedly occur between one year and the next and also between subjects in the same year.

Unit	Entry	Max Mark	Mean Mark
BS1	2392	50	24.7
BS2	656	70	29.4

Grade Ranges

	BS1	BS2
A	35	44
B	30	38
C	25	32
D	20	27
E	16	22

N.B. The marks given above are raw marks and not uniform marks.

BS1

Although there were some excellent answers, generally the candidates seemed to find the paper slightly more difficult than in previous sittings. There were examples of complete centres where candidates did not seem to understand basic concepts such as the difference between a private limited company and a public limited company.

- Q.1**
- (a) This question was answered very well by the majority of candidates. For those who did find difficulty, it was generally with explaining the intangible nature of a service. There were a few candidates who gave excellent answers to the difference between needs and wants which might come in useful in future questions.
 - (b) Again, this was well answered but a few candidates lost an opportunity to increase their marks by not developing the point of an increased market size leading to a potential increase in profit.
- Q.2**
- (a) This was a question that challenged the understanding of the candidates – many had a good understanding but others seemed to have learnt a definition of a niche market but had no idea what it meant. Candidates do not seem to understand that some quite large companies can still have products that are in a niche market.
 - (b) Asset-led marketing, a new addition to the specification, was a topic that appeared not to have been taught by some centres. On the whole, the answers to this question were weak. Candidates were familiar with market orientated approaches but did not seem to realise that asset-led marketing can be used concurrently with market-orientated marketing. However, there were one or two centres that produced excellent answers.
 - (c) This question should have been a gift to most candidates. It required basic knowledge of a public limited company, its advantages and disadvantages as applied to Innocent Ltd. Most candidates did apply this knowledge to Innocent Ltd but it was surprising the number of candidates who did not have the basic knowledge. Many candidates did not realise that Innocent Ltd already had limited liability. Candidates who had been successful at GCSE should have been able to reel off the advantages and disadvantages of converting to a public limited company and to those new to the subject, this is essential knowledge.
- Q.3** This question was answered particularly badly. A large number of candidates had no idea of the concept of integration and many were confused between vertical and horizontal integration. They all seemed to recognise the Starbucks brand and were able to describe its strengths and weaknesses without addressing the question.

- Q.4** As usual, we saw the same old problem of candidates confusing shareholders and stakeholders with the result that they did not score the marks allowed for recognition and development of the other stakeholders. This was a pity because these answers were often eloquent and showed a good business understanding. At the other end of the scale we saw candidates who were in sympathy with workers losing their jobs and how the recession was affecting everyone. Some good candidates pointed out that there could be some positive aspects e.g. the closure of the factory could be a good thing for Northern Foods plc by getting rid of a loss-making asset and that this might increase the value of the shares.
- Q.5** This question produced that whole range of marks. Most candidates were able to identify at least one or two factors that can affect location and were able to give examples of such businesses. The differences came in the organisation of the information and in the ability to express themselves well.

BS2

- Q.1**
- (a) It was somewhat surprising to witness so many product life cycle diagrams poorly drawn and carelessly labelled. The vertical axis was often incorrectly labelled and, on many occasions, no extension strategy was incorporated into the diagram. Better candidates provided a well drawn diagram and described it effectively and attained the six marks on offer.
 - (b) The majority of candidates examined a number of elements of the marketing mix in relation to a possible extension strategy. Level I candidates offered relevant and sometimes imaginative changes to Kellogg's marketing mix and explained them well in the context of the question. Weaker candidates failed to develop their responses or only dealt with one element of the mix, usually price.
- Q.2**
- (a)
 - (i) Generally this was well answered, with most students having some idea of what 'Trade creditors' are, although many responses were poorly expressed. Those who managed to develop their response with reference to (DGS) the business in question gained their full three marks.
 - (ii) This explanation was problematic and very few candidates understood the concept. Instead they made reference to the drawings provided to Fred, the proprietor, as a guide as to what the shed should look like! This is an element of the balance sheet that centres should focus on when covering this part of the specification as it is an important element of sole trader accounts.
 - (b) Many candidates provided generalised and imprecise responses. Few focused upon the difference in the cost of raw materials and the selling price of the product. Rarely did candidates attain the full four marks available. Again this is an aspect of the specification that needs to be focused upon in order that candidates are clear as to what is meant by "adding value" and the importance of the process involved.
 - (c) As the majority of candidates were resitting the paper it is perhaps understandable that the recent progress made in relation to this type of calculations was reversed. Quite a few candidates made no attempt at all, whilst many failed to get "net assets", yet calculated working capital and net profit correctly.
 - (d) Some encouraging responses were evident with candidates focusing on why Fred's accountant was concerned about the amount of working capital. Application was carried out effectively and knowledge of the concept was sound. At the other end of the spectrum, quite a number of candidates had no understanding of the concept whatsoever, and yet still managed to write nearly half a page. Some candidates had sound knowledge but failed to apply their response to the case in point.

- Q.3**
- (a) This was the least well answered question on the paper and knowledge of the key features of a human resources plan was poor, even for those candidates who scored well on the rest of the paper. Those scripts scoring full marks were few and far between. Responses were often vague and poorly developed. Many candidates failed to reach Level II and some simply did not attempt an answer.
 - (b) Better responses were able to define the role of an agent as well as explain their usefulness. Others knew what agents were in this context but were unable to develop their responses to gain more marks.
 - (c) A whole range of responses were offered in response to this task with some top students clearly distinguishing between industrial and retail marketing. Good use was made of examples and the different approaches needed in each type of market. Yet again, an inability to express themselves clearly hindered a significant number of candidates. Some failed to contrast the differing marketing approaches required, focusing only on one or the other.
 - (d)
 - (i) Some very succinct responses with an accurate formula picked up the full four marks. The majority, however, were vague and inaccurate with all manner of methods of measurement being offered.
 - (ii) It was surprising to note that many who did poorly on (d) (i) were able to do well on this task. Some well balanced responses were written, which evaluated the advantages and disadvantages effectively. All too often candidates linked maximum capacity with profit maximisation and got side tracked away from the requirements of the task. The disadvantages were often dealt with effectively, whilst the advantages were ignored. It was rare to see a candidate mention the spreading of fixed cost per unit as a positive factor. The main drawback was the inability of a business to take on extra orders, and the consequences of this.
 - (e) A full range of responses was evident. The quality of written communication was, in the main, disappointing. Nonetheless, some interesting and well-balanced arguments were submitted and almost all candidates attempted some evaluation. Level III candidates offered sound reasons to support both points of view and came to sensible conclusions. This question produced quite a lot of repetition, especially when conclusions were being drawn. It was encouraging to see some candidates making good use of the data to enhance their response. There was quite a lot of evidence of candidates running out of time and therefore only offering a brief response to this twelve mark question. It was clear that some candidates needed to plan their time more carefully.

BUSINESS STUDIES
General Certificate of Education
January 2010
Advanced Subsidiary/Advanced

Principal Examiner: Mr M. Culliford, B.Sc.(Econ.), M.A.

Unit Statistics

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Unit	Entry	Max Mark	Mean Mark
BS3	1137	60	32.5

Grade Ranges

A	42
B	36
C	30
D	24
E	19

N.B. The marks given above are raw marks and not uniform marks.

BS3

This examination was the first BS3 paper of the new specification. However, due to its similarity to the old BS6 paper, its format would not have been one totally unfamiliar to the candidates. This fact was reflected in the results, which were broadly similar to the previous exam, and which showed that candidates were generally well-prepared and coped admirably with the demands of the paper. Most candidates had plenty to write and there was only a minority who appeared to have run out of time.

The case study was based on Premier Foods plc and although the company may not have been familiar to many candidates its brands, such as Hovis and Branston pickles, certainly were. Candidates were not expected to have any prior knowledge of the business as all the information that was required was presented to them in the case study. The business is interesting because, in growing through the use of an aggressive programme of take-overs and acquisitions, it had built up a considerable quantity of debt which, going into a recession, was causing them problems. Interestingly, since the case study appeared, the company has tried to resolve the debt crisis (which many students correctly identified) through selling a further 30% of the equity. Perhaps one of the threats that the company may face in the future is the prospect of being taken over by a larger rival, as happened recently to Cadbury.

On the whole the candidates who fared best were those who were most aware of the assessment criteria and who not only demonstrated knowledge and the ability to apply it, but were also able to analyse the information in an independent way and come to some well-supported, properly evaluated conclusions. Candidates should realise that the ability not just to take questions at their face value but to try to grasp what lies behind them is a skill that needs to be developed over time and is not one that can be satisfied by a little last-minute revision.

Whilst most candidates' work was well-presented, there was a significant minority who were handicapped by poor language skills and, in some cases, virtually illegible handwriting.

- Q.1** Question one asked candidates to identify the types of risk that Premier Foods plc faces in running its business and suggest steps that it can take to minimise them. The better candidates structured their answers to include quantifiable risks, such as commodity price inflation and currency fluctuations and unquantifiable risks such as the impact on the company's reputation that might arise from a failure of quality control and the consequent contamination of one of its products. Steps that the business could take to minimise the risks might have included such things as backward vertical integration, in order to control the supply of raw materials; the introduction of rigorous quality control procedures and the training of staff to deal with anticipated problems.
- Q.2** Question two asked candidates to explain how Premier Foods plc has benefited from its takeovers and brand acquisitions. The better answers to this question not only drew on the numerous clues in the case study but also applied their knowledge of business strategy in order to identify such things as economies of scale, particularly with regards to purchasing power; the fact that being a market leader with leading brands enabled them to charge premium prices; the fact that they were able to spread their risks over several product areas and that all of these factors should eventually result in greater profitability.

- Q.3** Question three required candidates to assess the financial performance of Premier Foods plc. It is gratifying to see that most, but unfortunately not all, candidates had learnt how to calculate ratios correctly. The biggest discriminator in this question was the way that the ratios were interpreted and, even more importantly, the ability to draw an overall conclusion as to the financial health of the business based on this interpretation. This required candidates to go beyond the purely mechanical process of analysis in order to achieve some kind of synthesis of their own. Care needs to be taken when using ideal ratios as the result depends on the method of calculation used. For instance, with the gearing ratio it is possible to use long-term liabilities divided by shareholders' capital, or, long-term liabilities divided by shareholders' capital plus long-term liabilities. Clearly the definition of being highly-g geared depends on which ratio one uses (either of which is acceptable).
- Q.4** Question four asked about the extent to which Premier Foods plc's commitment to social responsibility was consistent with its other aims and objectives. The better answers to this question identified both a conflict between the desire to maximise shareholder value and the cost of implementing a programme of social responsibility but also recognised that there can be a degree of compatibility. This was because a commitment to social responsibility can have a number of positive effects in terms of quality assurance, enhanced reputation and improved employee morale.
- Q.5** Question five asked candidates to carry out an evaluation of Premier Foods plc using SWOT analysis. Fortunately, most candidates realised what the initials SWOT stood for. They were able to identify a number of strengths such as the company's strong brands and increasing sales turnover; weaknesses such as the fall in net profit and the over-reliance on borrowing. There were opportunities to expand its product portfolio and to use asset led marketing to develop new, associated products such as they had with Branston baked beans as well as moving into new markets, possibly overseas. Finally there were threats, such as the impact of the recession and possible increases in interest rates. The better answers gave an overall assessment of the balance of these factors and most probably concluded that, whilst the company had considerable strengths there were some clouds on the horizon, particularly the high level of borrowing, and that these issues needed to be addressed if the business was to prosper in the future.



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