

Application Analysis Exercise

Below is a paragraph in answer to the following question:

Analyse the impact on **Woodkit** of being a private limited company.

[6]

P Being a limited company means that the owners will have limited liability. This reduces the risk that they face in running their business^{dev1}. This is because they are seen as separate legal entities from the business^{dev2}. This means that if the sales of products fall, the business cannot afford to pay for the debts that it has, ~~it~~^{dev3} however the owners will not have to sell their personal possessions to pay for it.^{dev4}

You will notice that even though it has linked strands of development there is no evidence of application, and it could be about any business whatsoever; there is nothing specific about Woodkit. Over the page you will see that there is the exact same paragraph in terms of the point made and the analysis, but this time application has been added (the red boxes indicate where this is). This is how you need to write your paragraphs for not only this question type, but also for the **9 mark 'Justify' questions** and the **12 mark 'evaluation' questions**.

P Being a limited company means that Graham and his family will have limited liability. This reduces the risk that they face in running their model-making company^{dev1}. This is because they are seen as separate legal entities from the business^{dev2}. This means that if the sale of model planes, tanks and boats fall, the business cannot afford to pay for the debts that it has^{dev3} however Graham and his family will not have to sell their personal possessions to pay for it.^{dev4}

Over to You! – Putting in Application!

Can you rewrite the paragraph below, putting in context where appropriate.

Another impact is that it might be easier to raise finance. This is because they can sell shares in the company to other investors interested in this market. This could increase the cash flowing into the business, so the business could use these funds to extend its operations in other countries which they already sell to. This could lead to the business growing.