



GCE MARKING SCHEME

APPLIED BUSINESS AS/Advanced

JANUARY 2014

INTRODUCTION

The marking schemes which follow were those used by WJEC for the January 2014 examination in GCE APPLIED BUSINESS. They were finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conferences were held shortly after the papers were taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conferences was to ensure that the marking schemes were interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conferences, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about these marking schemes.

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Section A

Q	Answer	Mark	AO	Topic
1	C	1 mark	AO1	1.2.1
2	B	1 mark	AO1	1.1.2
3	A	1 mark	AO1	1.5.4
4	B	1 mark	AO1	1.2.1
5	Control by e.g. <ul style="list-style-type: none"> • the Board of directors (1) • shareholder vote (1) 	1	AO1	1.2.1
	Long-term financing by e.g. <ul style="list-style-type: none"> • shares (1) • long-term loan/mortgage (1) • capital reserves (1) 	1		
		2 marks		
6	Handling enquiries Sales Constructing balance sheet Finance Business objectives Partner Pay increases HR Stationery Purchasing	2 all correct (1 mark for any three correct)	AO1	1.3.1
		2 marks		

Q	Answer	Mark	AO	Topic
7	<p>Government: e.g.</p> <ul style="list-style-type: none"> • modifications needed (1) – which increases costs (1) • new coaches bought (1) – to replace ones that do not meet the new requirements (1) <p>Airlines: e.g.</p> <ul style="list-style-type: none"> • fewer holidays taken abroad (1) – results in increased business (1) • more people go on coach holidays (1) – because now afraid to fly (1) 	(1 + 1) x 2	AO2	1.2.4
		4 marks		
8	<p>Advantages: e.g.</p> <ul style="list-style-type: none"> • lower cost (1) – because no interest to pay (1) • no liability is created (1) – because the business's assets are used (1) • no collateral is needed (1) – because own assets are used (1) • quicker to obtain (1) – because no/fewer formalities needed (1) • suitable use of cash (1) – to invest in assets/growth (1) <p>Disadvantages: e.g.</p> <ul style="list-style-type: none"> • a loss of interest (1) – on the cash used (1) • results in a lower cash balance for the business (1) – so not available for emergencies/for other use (1) • large sum paid out (1) – whereas paying loan in instalments spreads the cost (1) 	(1 + 1) x 2	AO1	1.2.1
		8 marks		

Section B

Q	Answer	Mark	AO	Topic
1	Name and description	1 mark	AO1	1.2.1
2	Reasons: e.g. different <ul style="list-style-type: none"> • sector • activities/products • size 	1 reason 1 development (1 + 1) x 2 4 marks	AO1	1.2.3
3	(e.g. garage): <ul style="list-style-type: none"> • customers are not allowed in the workshop (1) – so a Reception area for them (1) – and are accompanied by member of staff (1) – when test driving a car (1) (e.g. building society): <ul style="list-style-type: none"> • staff behind screens (1) – for protection in case of robbery (1) – they have lunch/interim breaks (1) – which meets EU/UK regulations (1) 	4 x 1 4 marks	AO1	1.6.2

Q	Answer	Mark	AO	Topic
4	<p>e.g. garage:</p> <p>(records) MS Access/electronic database (1) – reduces storage space/cost (1) – which makes sorting staff records quicker (1)</p> <p>(communicating) MS Outlook/email (1) – used in connection with supplier database (1) – allows garage to check suppliers' offers regularly (1)</p>	<p>1</p> <p>name/package</p> <p>1 statement</p> <p>1 development</p> <p>(1 + 1 + 1) x 2</p> <p>6 marks</p>	AO1	1.6.1
5	<p>Human:</p> <ul style="list-style-type: none"> • partners (1) • reservations staff (1) <p>Physical: coaches (1)</p> <p>Informational:</p> <ul style="list-style-type: none"> • leaflets (1) • website (1) • email (1) <p>Financial:</p> <ul style="list-style-type: none"> • capital/partners (1) • customer deposits (1) 	<p>4 x 1</p> <p>4 marks</p>	AO2	1.4.1

Q	Answer	Mark	AO	Topic
6a	<ul style="list-style-type: none"> Individuals are grouped by specific functions performed (1) – each function is separated from the others/managed independently of the others (1) Work is organised into specific departments (1) – such as HR, accounting, buying (1) 	1 stated 1 described	AO1	1.3.2
6b	<ul style="list-style-type: none"> Task Project Matrix Service offered/market 	1 named 3 marks	AO1	1.3.2
7a	Continuous improvement of the quality of products/processes (1) – through continuous feedback/as a result of all employees being involved (1)	1 stated 1 described	AO1	1.4.2
7b	(Customers) e.g. benefit of improved service (1) – through greater efficiency/employee involvement in holidays (1) – so greater satisfaction/better holidays (1)	1 benefit stated 2 x 1 outlined	AO1	1.4.2
	(Employees) e.g. benefit of total commitment/improved morale/improved motivation (1) – because all employees participate (1) – by working towards common goals of <i>Bucks Tours</i> (1)	1 benefit stated 2 x 1 outlined		
		8 marks		

Q	Answer	Mark	AO	Topic
8	12 (1) % (1)	2	AO2	1.5.4
	35 (1) % (1)	2		
	1.1 (1) to 1 (1)	2		
	1.25 (1) to 1 (1)	2		
		8 marks		
9	<ul style="list-style-type: none"> Gross profit is the difference between the income from, and the cost of, sales (1) – profit for the year (NP) is GP less other expenses/sales less all expenses (1) 	1 + 1	AO1	1.5.4
	<ul style="list-style-type: none"> Receivables collection is the time it takes for customers/debtors to pay us (1) – payables collection is the time it takes us to pay our suppliers/creditors (1) 	1 + 1		
		4 marks		
10	<ul style="list-style-type: none"> ROCE (1) – to show worth of investment (1) 	1 item	AO1	1.5.4
	<ul style="list-style-type: none"> Competitor performance (1) – to measure relative efficiency/success (1) 	1 reason		
	<ul style="list-style-type: none"> National economic performance (1) – to place these results into context (1) 	(1 + 1) x 2		
	<ul style="list-style-type: none"> Division of costs into fixed and variable (1) - to calculate breakeven point (1) 			
	<ul style="list-style-type: none"> Cashflow forecast (1) – to check likely future liquidity (1) OR Forecast income statement/P&L (1) – to check future profitability (1) 			
	<ul style="list-style-type: none"> Gearing (1) – to show effect/extent of borrowing (1) 			
		4 marks		

Q	Answer	Mark	AO	Topic
11	(All OF)	8 x 1	AO3	1.5.4
	<ul style="list-style-type: none"> NP margin has increased by 2% (1) – better control of expenses (1) GP margin has fallen by 3% (1) – direct costs/purchases are more expensive (1) – not passed on as higher prices (1) 5% saving on expenses (1) Current ratio the same (1) – and Acid Test also the same (1) – even though Current is not near ‘textbook’ 2:1 (1) – no change suggests stable liquidity (1) 	analysis		
	(Conclusion) stable liquidity and increased profitability shows that 2013 is the better performance (1) (OF)	1	AO4	
		conclusion		
		9 marks		
12	a) 30 passengers (3)	3 break-even	AO2	1.5.1
	(Total costs: hire £1000, fuel £144, other £156, driver £800, = £2100 (1) divided by £70 (1))	(2 method)		
	b) £700 profit (2) OF	2 profit	AO3	
	(Method: either 10 above break-even x £70 contribution; or total revenue £2800 less total costs £2100)	(1 method))		
		5 marks		

Levels of response and QWC for Q11

Level 3 7 - 9 marks

Candidates will have demonstrated a thorough assessment of the issues relating to ratio analysis and judgements.

Candidates will have made accurate and appropriate use of business terminology showing knowledge and understanding of its meaning. The quality of written communication will be very good with few, if any, errors of spelling, punctuation or grammar.

Level 2 4 – 6 marks

Candidates will have demonstrated a good assessment of the issues relating to ratio analysis and judgements.

Candidates will have made use of appropriate business terminology showing some knowledge and understanding of its meaning. The quality of written communication will be, for the most part good, with some errors in spelling, punctuation and grammar.

Level 1 1 - 3 marks

Candidates will have demonstrated some assessment of the issues relating to ratio analysis and judgements.

Candidates will have made very limited use of business terminology. The quality of written communication will be very limited with numerous errors on spelling, punctuation and grammar.

Candidates demonstrating no understanding will be awarded 0 marks.

Q	Answer	Mark	AO	Topic
13	<p>(Fuel) Break-even rises (1) – by 8/to 48 passengers (1) (fixed costs = $40 \times \text{£}6 = \text{£}240$; $\text{£}240 / \text{£}5$)</p> <p>(Competition) Break-even rises (1) – by 20/to 60 passengers (1) ($\text{£}240 / \text{£}4$)</p> <p>(Fixed costs) Break-even rises (1) – by 2/ to 42 passengers (1) ($\text{£}252 / \text{£}6$)</p>	<p>1 effect 1 amount</p> <p>1 effect 1 amount</p> <p>1 effect 1 amount</p> <p>6 marks</p>	AO2	1.5.1
14	<p>Any two effects: e.g.</p> <ul style="list-style-type: none"> • lower profit margin/higher breakeven point (1) – so need to increase passenger numbers (1) – to maintain same total profit/to reach breakeven point (1) • lower profit margin (1) – so overall profit will fall (1) – so may have to promote the new prices (1) <p>higher sales (1) – because now more price-competitive (1) – will attract business back/from competitors (1)</p> <p>cost reduction plan (1) – to account for the lower profitability (1) – profits may then be retained/may lead to redundancies and staff disquiet (1)</p>	<p>1 effect 2 x 1 assess (1 + 2) x 2</p> <p>6 marks</p>	AO3 AO4	1.5.1

Q	Answer	Mark	AO	Topic
15	<ul style="list-style-type: none"> It encourages the partners to quantify all revenues and costs (1) e.g. it shows the apparent situation if 'x' number of holiday sales are made (1) – so <i>Bucks Tours</i> can make 'what if?' decisions (1) – e.g. about what prices to charge for holidays (1) 	3 x 1 useful	AO3	1.5.1
	<ul style="list-style-type: none"> But it depends on the accuracy of the variables (1) e.g. <i>Bucks Tours</i> has (at least) two sets of costs (1) – hire-based and own-coach (1) –needs to apportion fixed costs (1) – and so makes setting prices using break-even difficult (1) 	3 x 1 not useful or limitations	AO4	
	(Conclusion)			
	<ul style="list-style-type: none"> Useful but must not ignore external factors (1) – e.g. competitor actions (1) 	2 x 1 conclusion	AO4	
		8 marks		

Levels of response and QWC for Q15

Level 3 7 - 8 marks

Candidates will have demonstrated a thorough assessment of the issues relating to break-even analysis and its value.

Candidates will have made accurate and appropriate use of business terminology showing knowledge and understanding of its meaning. The quality of written communication will be very good with few, if any, errors of spelling, punctuation or grammar.

Level 2 4 – 6 marks

Candidates will have demonstrated a good assessment of the issues relating to break-even analysis and its value.

Candidates will have made use of appropriate business terminology showing some knowledge and understanding of its meaning. The quality of written communication will be, for the most part good, with some errors in spelling, punctuation and grammar.

Level 1 1 - 3 marks

Candidates will have demonstrated some assessment of the issues relating to break-even analysis and its value.

Candidates will have made very limited use of business terminology. The quality of written communication will be very limited with numerous errors on spelling, punctuation and grammar.

Candidates demonstrating no understanding will be awarded 0 marks.

GCE Applied Business

ABUS 5 mark scheme, January 2014

Paper and question summary of AO marks

Paper	AO1	AO2	AO3	AO4	Total
A	10	16	8	6	40
B	10	16	8	6	40
C	10	16	8	6	40
D	10	16	8	6	40

PAPER A

Q	Answer	Mark	AO	Topic
1	<p>Barrow because: e.g.</p> <ul style="list-style-type: none"> • younger age profile (1) – more likely to climb/walk (1) – so a suitable target audience for the outlet (1) • more densely populated (1) – so residents may be more likely to want to get away from urban area (1) • Carlisle shows % decrease in 35-39 and increase in 60-64 (1) – this demographic suggests that likely customers may be leaving (1) <p>Carlisle because: e.g.</p> <ul style="list-style-type: none"> • larger total population (1) – which is growing, whereas Barrow's is falling (1) – so larger local market (1) • higher proportion 15-39, may be the most appropriate/ active age range (1) – so more customers (1) • City status rather than town (1) – so greater prestige (1) 	6 x 1 any combination	AO2	5.1.2
		6 marks		
2	<p>Helpful: e.g.</p> <ul style="list-style-type: none"> • based on the official census (1) – so lacks bias/should be accurate (1) – and up-to-date/from 2011 (1) • summarises quantitatively/shows trends from 2001 (1) <p>Limitations: e.g.</p> <ul style="list-style-type: none"> • 3 years old (1) – and lacks detail (1) • locations of Barrow and Carlisle are relevant but no details on this (1) • no views from people as to whether they are interested in the outlet (1) – so qualitative information/other market research is necessary (1) • no cost information (1) – e.g. rents may be higher in the city (1) • no information on availability/on location of empty shop outlets (1) 	3 x 1 helpful	AO4	5.1.2
		3 x 1 limitations	AO4	

Accept valid points based on knowledge of the Census in general

6 marks

Q	Answer	Mark	AO	Topic
3a	<ul style="list-style-type: none"> • The population of Barrow/Carlisle is stratified/divided into groups (1) • The sample is restricted to a fixed number in each group (1) – the quota may be structured so the sample represents the structure of the population (1) • An interviewer will (e.g.) interview people in each group until the quota is met – (1) –and the interviewer chooses the people to interview (1) 	4 x 1 described	AO1	5.1.2
		4 marks		
3b	Benefit: e.g. <ul style="list-style-type: none"> • no sampling frame is needed (1) – so it is less expensive/easier to administer/it is more straightforward (1) • useful when time is limited (1) – because a large sample can be gained quickly (1) Drawback: e.g. <ul style="list-style-type: none"> • problem of bias (1) – e.g. if the interviewer interviews in a single location only/interviews only those people who look most interested (1) 	2 x 1 benefit	AO1	5.1.2
		2 x 1 drawback		
		4 marks		

Q	Answer	Mark	AO	Topic
4	<p><u>Market penetration</u> is not relevant to either (1) – because it focuses on existing products in existing markets, and here we have a new product (1)</p> <p><u>Market development</u> is not relevant to either (1) – because it focuses on existing products in new markets, and here we have a new product (1)</p> <ul style="list-style-type: none"> • <u>Product development</u> is relevant for the existing outlets (1) – because we have a new product being sold in an existing market (1) • <u>Product development</u> is not relevant for the new outlets (1) – because there is a new product (1) – being sold in new areas/a new market/not being sold in existing markets (1) <p>(NB: accept argument for, if argued that the new outlets are located in existing markets)</p> <ul style="list-style-type: none"> • <u>Diversification</u> is not relevant for the existing outlets (1) – because it focuses on new markets (1) • <u>Diversification</u> is relevant for the new outlets (1) – because here we have a new product being sold in new areas/a new market (1) <p>(NB: accept argument against if argued that the new outlets are not in new markets/areas)</p>	<p>2 x 1 MP</p> <p>2 x 1 MD</p> <p>2 x 1 PD</p> <p>2 x 1 D</p> <p>8 marks</p>	AO3	5.1.4
5a	<p>Role: e.g.</p> <ul style="list-style-type: none"> • to explain where a product lies (1) – in its overall life on the market (1) • helps identify new product development (1) – and/or product improvement (1) 	<p>2 x 1 role</p> <p>2 marks</p>	AO1	5.1.3

Q	Answer	Mark	AO	Topic
5b	Footwear range – helpful because: e.g. <ul style="list-style-type: none"> can identify which stage (1) – so helps decide when to drop (1) – when to promote (1) – or whether still worth promoting (1) – whether or not the range can be extended (1) – e.g. by new use/market (1) 	1 help	AO2	5.1.3
	Mobile phones – less helpful because: e.g. <ul style="list-style-type: none"> not being made by <i>SF Ltd</i> (1) – so will lack information about which stage the phones are at (1) – though may be able to deduce from general information about phones (e.g. generation) (1) but may still be able to use information to help decide which new phones to purchase (1) – e.g. replace when there are special offers from phone manufacturers or providers (1) – when a phone reaches maturity/decline stages (1) 	1 help		
	(For both, accept suitable references to Boston Matrix)	4 x 1 how/not		

10 marks

Paper A

Levels of response and QWC for Q5b

Level 3 8 - 10 marks

Candidates will have demonstrated a thorough knowledge of product life-cycle analysis, supported by clear and detailed explanation of the issues.

Candidates will have made accurate and appropriate use of business terminology showing knowledge and understanding of its meaning. The quality of written communication will be very good with few, if any, errors of spelling, punctuation or grammar.

Level 2 4 - 7 marks

Candidates will have demonstrated a good knowledge of product life-cycle analysis, supported by some explanation of the issues.

Candidates will have made use of appropriate business terminology showing some knowledge and understanding of its meaning. The quality of written communication will be, for the most part good, with some errors in spelling, punctuation and grammar.

Level 1 1 - 3 marks

Candidates will have demonstrated some knowledge of product life-cycle analysis. There will be limited explanation of the issues.

Candidates will have made very limited use of business terminology. The quality of written communication will be very limited with numerous errors on spelling, punctuation and grammar.

Candidates demonstrating no understanding will be awarded 0 marks.

PAPER B

Q	Answer	Mark	AO	Topic
1a	<p>Influence: e.g.</p> <ul style="list-style-type: none"> • able to invest in better machinery (1) – reduces cost per unit produced (1) – improves productive efficiency/output (1) – so more cost-effective (1) – results in fewer employees (1) 	4 x 1	AO2	5.2.2
4 marks				
1b	<p>Economy: e.g.</p> <ul style="list-style-type: none"> • Purchasing (1) – • (why) because it influences sourcing of materials used in production (will be based on supplier bulk-buying discounts) (1) • (how) reduces unit production cost/choice of material affects how work is carried out (1) • Managerial (1) – • (why) because specialist production managers will be recruited (1) • (how) production is more efficient through managerial expertise (1) <p>(Accept any internal economy of scale if explained in context of production)</p>	2 x 1 name	AO1	5.2.2
		2 x 1 why	AO2	
		2 x 1 how	AO2	
6 marks				
2	<p>Adapt/change: e.g.</p> <ul style="list-style-type: none"> • need to streamline (1) – to keep costs as low as possible to compete (1) – so introduce new/improve existing flow production methods (1) – seek to reduce labour costs (1) – seek to gain internal economies of scale (1) • But still need to keep quality (1) – to compete on this feature (1) • so introduce/monitor production's control of quality (1) – e.g. by using quality control/QA/TQM (1) 	4 x 1 analysis	AO3	5.2.2
		2 x 1 assessment	AO4	
6 marks				

Q	Answer	Mark	AO	Topic
3a	<ul style="list-style-type: none"> Measure of output (1) – per unit of input (1) 	2 x 1	AO1	5.2.1
2 marks				
3b	Reason: e.g. <ul style="list-style-type: none"> production employees produce a definable product (1) – office employees do not (1) productivity measures output (1) – this is easier to define for production work than for office work (1) 	1 stated 1 described	AO1	5.2.1
2 marks				
4	See below	8 x 1	AO2	5.2.3
8 marks				

Receipts			Issues			Balance			
Qty	£ unit	£ total	Qty	£ unit	£ total	Qty	£ unit	£ total	
						16	22.00	352.00	
20	22.09	441.80				36	22.05	793.80	(1) + (1)
			8	22.05	176.40	28	22.05	617.40	(1) + (1)
			16	22.05	352.80	12	22.05	264.60	(1) + (1)
24	22.08	529.92				36	22.07	794.52	(1) + (1)
OF except if AVCO principles are not used									

5	Ways affected: e.g. <ul style="list-style-type: none"> have to arrange the design of new promotional materials (1) will plan advertising campaign (1) need to liaise with retailers (1) will set up a launch event (1) 	2 x 1 ways	AO1	5.2.4
2 marks				

Q	Answer	Mark	AO	Topic
6a	<p>Operation: e.g.</p> <ul style="list-style-type: none"> • staff order the fabric once existing stock depleted (1) – fabric delivered by the supplier immediately before its use in manufacture (1) • Kanban/'ticket' system used to signal when stock needed (1) – delivered in time for production run (1) 	2 x 1 outline	AO1	5.2.3
2 marks				
6b	<p>Keeping costs lower: e.g.</p> <ul style="list-style-type: none"> • lower storage costs (1) – and lower rental/space/insurance costs (1) – because stockholding kept to a minimum (1) • lower working capital needed (1) – because not tied up in stocks (1) • stock is less likely to perish, get stolen or become obsolete (1) <p>Not lower: e.g.</p> <ul style="list-style-type: none"> • cannot bulk buy (1) – so unit cost is higher (1) • increased frequency of ordering (1) – leads to higher ordering costs (1) • late delivery can stop production (1) – which means downtime/labour costs of not producing (1) • an external cost of not being able to make products (1) – through loss of immediate sales (1) – and future loss of sales through customer dissatisfaction (1) 	4 x 1 how it is likely to lower costs	AO3	5.2.3
		4 x 1 how it is not likely to lower costs	AO4	
8 marks				

Paper B

Levels of response and QWC for Q6

Level 3 8 - 10 marks

Candidates will have demonstrated a thorough knowledge of Just-in-Time, supported by clear and detailed analysis and assessment of the issues.

Candidates will have made accurate and appropriate use of business terminology showing knowledge and understanding of its meaning. The quality of written communication will be very good with few, if any, errors of spelling, punctuation or grammar.

Level 2 4 - 7 marks

Candidates will have demonstrated a good knowledge of Just-in-Time, supported by some analysis and/or assessment of the issues.

Candidates will have made use of appropriate business terminology showing some knowledge and understanding of its meaning. The quality of written communication will be, for the most part good, with some errors in spelling, punctuation and grammar.

Level 1 1 - 3 marks

Candidates will have demonstrated some knowledge of Just-in-Time. There will be limited analysis and/or assessment of the issues.

Candidates will have made very limited use of business terminology. The quality of written communication will be very limited with numerous errors on spelling, punctuation and grammar.

Candidates demonstrating no understanding will be awarded 0 marks.

PAPER C

Q	Answer	Mark	AO	Topic
1a	<p>(Accruals) “display our income and expenses . . . for the year in question” (1)</p> <p>(Consistency) “we established our financial policies . . . ever since” (1)</p> <p>(Going Concern) “assumption that we will . . . continue trading” (1)</p> <p>(Prudence) “not automatically valued at market price” (1)</p>	4 x 1	AO2	5.3.1
		4 marks		
1b	<p>(Accruals) e.g. credit sales included as income/revenue in the year (1) – even if payment received next accounting period (1)</p> <p>(Consistency) e.g. always use the same depreciation policy (1) – regardless of new purchases/disposals (1)</p> <p>(Going Concern) e.g. if <i>SF Ltd</i> makes a loss, still assume it will be profitable in the future (1) – and will continue thereafter (1)</p> <p>(Prudence) e.g. stocks valued at lowest price (1) – from cost, NRV or resale (1)</p>	<p>1 statement</p> <p>1 example</p> <p>3 x (1 + 1)</p>	AO2	5.3.1
		6 marks		

Q	Answer	Mark	AO	Topic
2	<p><u>Gross profit</u>: e.g. revenue from sales (1) – less the (direct) cost of these sales (1)</p> <p><u>Administration expenses</u>: e.g. (indirect) office costs (1) – deducted from GP (1)</p> <p><u>Trade receivables</u>: e.g. debts owed to <i>SF Ltd</i> (1) – from credit sales (1)</p>	<p>1 statement</p> <p>1 description</p> <p>3 x (1 + 1)</p>	AO1	5.3.1
		6 marks		
3	<ul style="list-style-type: none"> • <i>SF Ltd</i>'s balance sheet shows share capital (1) - <i>Simpson & Patel</i>'s shows partners' capital (1) • <i>SF Ltd</i>'s balance sheet shows general reserves/specific reserves/undistributed profits (1) - <i>Simpson & Patel</i>'s shows partners' loans (1) 	2 x 1	AO1	5.3.1
	<ul style="list-style-type: none"> • <i>SF Ltd</i>'s income statement shows net profit or loss/profit or loss for the year (1) – <i>Pet Homes</i> shows surplus of income/deficit of income (1) • <i>SF Ltd</i>'s income statement shows sales (1) – whereas <i>Pet Homes</i>'s will record donations/gifts (1) 	2 x 1	AO1	
		4 marks		
4	<p>Contributions:</p> <ul style="list-style-type: none"> • Marcher £7300 (1) • Runner £1375 (1) • Strider £700 (1) • Trotter £1825 (1) <p>Profit with all four models: £1850 (1)</p> <p>Just the Marcher model: OF contribution £7300 less FC £9 350 (1) – a loss of £2 050 (1) – a £3900 fall (1)</p> <p>All make a positive contribution (1) – but if the three are discontinued the Marcher model has to carry the total fixed costs (1) (1 mark for a conclusion based on marketing-related points)</p>	<p>5 x 1</p> <p>3 x 1</p> <p>2 x 1</p>	AO2	5.3.4
		10 marks		

Q	Answer	Mark	AO	Topic
5	Assessment: e.g. <ul style="list-style-type: none"> • marginal costing gives Pat information not available through more traditional costing approaches (1) – e.g. absorption costing (1) • it highlights that the Marcher model generates the best contribution (1) • but also shows that two of the other models almost break even (1) • there is no information on how fixed costs have been apportioned (1) – and apportioning them differently will give different individual profits (1) • the four models might cover a range of selling situations (1) – e.g. children/adults, walking/running, male/female (1) – so if any of the range are dropped, coverage of the market is reduced (1) • contribution analysis ignores other external factors that must be considered (1) – e.g. market conditions, competitor (re)actions (1) • so discontinuing may affect sales of other footwear products (1) – e.g. reduced range of footwear allows competitors to step in (1) • (conclusion) marginal costing on its own focuses attention on financial aspects such as highest contribution (1) – but other external factors need to be considered/on its own it is insufficient (1) 	4 x 1 analysis	AO3	5.3.4
		4 x 1 assessment in context	AO4	
		2 x 1 conclusion	AO4	
		10 marks		

Paper C

Levels of response and QWC for Q5

Level 3 8 - 10 marks

Candidates will have demonstrated a thorough knowledge of marginal costing, supported by clear and detailed analysis and assessment of the issues.

Candidates will have made accurate and appropriate use of business terminology showing knowledge and understanding of its meaning. The quality of written communication will be very good with few, if any, errors of spelling, punctuation or grammar.

Level 2 4 - 7 marks

Candidates will have demonstrated a good knowledge of marginal costing, supported by some analysis and/or assessment of the issues.

Candidates will have made use of appropriate business terminology showing some knowledge and understanding of its meaning. The quality of written communication will be, for the most part good, with some errors in spelling, punctuation and grammar.

Level 1 1 - 3 marks

Candidates will have demonstrated some knowledge of marginal costing. There will be limited analysis and/or assessment of the issues.

Candidates will have made very limited use of business terminology. The quality of written communication will be very limited with numerous errors on spelling, punctuation and grammar.

Candidates demonstrating no understanding will be awarded 0 marks.

PAPER D

Q	Answer	Mark	AO	Topic
1	<p>Critical path: e.g.</p> <ul style="list-style-type: none"> • the activities that have no float time (1) – and therefore show the route for the project to take to avoid delays (1) • longest sequence of activities in a project (1) – that must be completed on time for it to finish on time (1) 	2 x 1	AO1	5.4.4
	<p>EST and LFT: e.g.</p> <p>(EST is) the earliest date/point at which (1) – an activity can start (1)</p>	2 x 1		
	<p>(whereas LFT is) the latest date/point by which an activity must be completed (1) – to avoid delaying the whole project (1)</p>	2 x 1		
	<p>Float: e.g.</p> <p>(Free Float is) the spare time an activity has (1) – without delaying the next activity (1)</p>	2 x 1		
	<p>(whereas Total Float is)</p> <ul style="list-style-type: none"> • the spare time an activity has (1) – without delaying the overall project (1) • the combined free float values (1) – of any given path in the network (1) 	2 x 1		

10 marks

Q	Answer	Mark	AO	Topic
2	See below	6 x 1	AO2	5.4.4

6 marks

Activity	Duration	EST	LFT	Float	
A	8	0	8	0	(1)
B	7	0	8	1	(1)
C	9	8	17	0	(1)
D	8	8	17	1	(1)
E	4	17	21	0	(1)

Critical path:

A C E (1) OF

- | | | | | |
|---|--|-------------------------|-----|-------|
| 3 | <ul style="list-style-type: none"> • CPA will be unreliable (1) – if wrong assumptions about this project’s activities/timing have been made (1) • CPA will be ineffective (1) – unless project team members are committed to it/to its results (1) • This project has a parallel path with similar durations (1) – so the project team may disagree on which path to choose/which activities are more critical than others (1) • CPA does not deal with personnel scheduling for this project (1) – nor how other resources are allocated (1) • It is difficult to apply CPA to any new project such as this (1) – e.g. activity timings are difficult to estimate (1) | 2 x (1 + 1) limitations | AO2 | 5.4.4 |
|---|--|-------------------------|-----|-------|

(Do not accept ‘textbook’ answers relating to **major** projects, which this is not: e.g. “Large projects result in complex/ unmanageable diagrams which are difficult to interpret”)

4 marks

Q	Answer	Mark	AO	Topic
4	Benefits: e.g. <ul style="list-style-type: none"> • simple to follow (1) – only two decisions in this case (1) • encourages <i>SF Ltd</i> to quantify (1) – e.g. sales for both options /figures e.g. costs of extra shops (1) • best/worst scenarios can be set (1) – for shop and internet sales (1) 	1 benefit 1 in context 2 x (1+1)	AO3	5.4.1
		4 marks		
5	Evidence for new shop outlets: e.g. <ul style="list-style-type: none"> • price increase 0.8% = stable prices (1) – lower than “All items” (1) – suggests very competitive in the high street (1) • -3.5% and -2.8% = volume and value growth both negative (1) – suggests downturn/a very competitive market/people are buying less footwear through store outlets (1) Evidence for internet: e.g. <ul style="list-style-type: none"> • 26.3% = high sales growth (1) – higher rate than “All retailing” (1) Conclusion: e.g. <ul style="list-style-type: none"> • statistics indicate internet sales should take preference (1) – but limitations of figures/2012 only/over 12 months out-of-date (1) 	3 x 1 use of figures 3 x 1 comment on figures or information 2 x 1 conclusion	AO2	5.4.2
		8 marks		
		AO4		

Q	Answer	Mark	AO	Topic
6	<p>Use only ONS/statistical information: e.g.</p> <ul style="list-style-type: none"> reflects national price/volume movements (1) – so the national picture can be seen (1) helps <i>SF Ltd</i> keep its prices in line with average national performance (1) – so can measure <i>SF Ltd</i>'s sales against average national figures to judge success (1) contains figures just for clothing/footwear (1) – and internet sales are made nationally (1) – so possible to compare like with like (1) <p>Limitations of using: e.g.</p> <ul style="list-style-type: none"> not specific to <i>SF Ltd</i>'s market situation (1) – e.g. local area where outlets are to be based (1) national index/information applies to all businesses, which will have their own policies (1) – whereas <i>SF Ltd</i>'s policies on pricing etc will be different (1) no consideration of qualitative issues (1) – e.g. consumer opinions of <i>SF Ltd</i>'s products (1) index/figures are out of date by the time they are published (1) <p>Conclusion: e.g.</p> <ul style="list-style-type: none"> valuable to be able to see national picture (1) – but limited because lacks specificity (1) 	<p>4 x 1 analysis</p> <p>2 x 1 judgment</p> <p>2 x 1 conclusion</p>	<p>AO3</p> <p>AO4</p> <p>AO4</p>	<p>5.4.2</p>
8 marks				

Paper D

Levels of response and QWC for Q6

Level 3 7 - 8 marks

Candidates will have demonstrated a thorough knowledge of the use of index numbers, supported by clear and detailed analysis and assessment of the issues.

Candidates will have made accurate and appropriate use of business terminology showing knowledge and understanding of its meaning. The quality of written communication will be very good with few, if any, errors of spelling, punctuation or grammar.

Level 2 4 - 6 marks

Candidates will have demonstrated a good knowledge of the use of index numbers, supported by some analysis and/or assessment of the issues.

Candidates will have made use of appropriate business terminology showing some knowledge and understanding of its meaning. The quality of written communication will be, for the most part good, with some errors in spelling, punctuation and grammar.

Level 1 1 - 3 marks

Candidates will have demonstrated some knowledge of the use of index numbers. There will be limited analysis and/or assessment of the issues.

Candidates will have made very limited use of business terminology. The quality of written communication will be very limited with numerous errors on spelling, punctuation and grammar.

Candidates demonstrating no understanding will be awarded 0 marks.



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