



GCE MARKING SCHEME

APPLIED BUSINESS AS/Advanced

JANUARY 2013

INTRODUCTION

The marking schemes which follow were those used by WJEC for the January 2013 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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APPLIED BUSINESS GCE: JANUARY 2013

ABUS 1 MARK SCHEME: SECTION A

Q	Answer	Mark	AO	Topic
1	D	1 mark	AO1	1.2.1
2	C	1 mark	AO1	1.1.1
3	A	1 mark	AO1	1.1.2
4	D	1 mark	AO1	1.5.4
5	HR Assistant Advertising job vacancies Finance Assistant Recording income Office Assistant Filing care records Manager Judging performance	2 marks (1 for any 2 correct)	AO1	1.3.1
6	<ul style="list-style-type: none">• Dates quickly (1) – as a result of structural changes (1)• Incomplete/inaccurate (1) – does not show informal communication/links (1)	1 drawback 1 development 2 marks	AO1	1.3.2

Q	Answer	Mark	AO	Topic
7a	<ul style="list-style-type: none"> • From partners' personal investment (1) – to company shares (1) • Partners converted their private capitals (1) – into share capitals (1) 	1 reference partnership 1 reference company 2 marks	AO1	1.2.1
7b	<ul style="list-style-type: none"> • Possible loss of control (1) – more shareholders (1) • Greater formality (1) – must meet Companies Acts requirements (1) • Change of tax type (1) – from income to corporation (1) 	1 disadvantage 1 development 2 marks	AO1	1.2.1
8	Knowledge of innovation (may be implied) Reason(s) why OR why not: e.g. <ul style="list-style-type: none"> • no because residents want traditional services/support (1) – so likely to compete/succeed on price rather than on innovative service (1) • yes because many competing care homes (1) – being innovative is likely to attract more residents (1) 	1 knowledge 2 x 1 or 1 x 2 reason(s) 3 marks	AO1	1.1.2
9a	<ul style="list-style-type: none"> • Aim is long-term/objective is short-term • Aim is not measurable/objective is measurable • Objective based on SMART 	1 mark	AO1	1.2.2 1.2.3
9b	Qqualitatively by (e.g.) <ul style="list-style-type: none"> • survey stakeholders (1) – ask them if objectives are being achieved (1) • employee morale (1) Quantitatively by (e.g.) <ul style="list-style-type: none"> • measure against SMART criteria (1) • comparing actual with target (1) 	how qualitative 2 x 1 or 1 x 2 how quantitative 2 x 1 or 1 x 2 4 marks	AO1	1.2.3

ABUS 1 MARK SCHEME: SECTION B

Q	Answer	Mark	AO	Topic
1	Name and description	1 mark	AO1	1.2.1
2	Ways that resource requirements of chosen organisation and those of <i>Cavian Care Ltd</i> differ; e.g. different sector, size, activities, functional areas. (Resource requirements of chosen organisation outlined only: max 2 marks)	2 x 2 ways 2 x 1 4 marks	AO1	1.4.1
3	Responsibility 1 and responsibility 2 Responsibility 2	2 x 2 described (2 x 1 stated) 2 described (1 stated) 4 marks	AO1	1.3.1
4	Selected employee's job role responsibilities at <i>Cavian Care Ltd</i> : e.g. simple statement based on information given (1) plus development/context (such as. referring to the needs of the elderly) (1) Analysis of similarities/differences (4)	2 x 1 <i>Cavian Care Ltd</i> responsibilities 4 x 1 analysis 6 marks	AO1 AO3 AO3	1.3.1
5	Way: e.g. <ul style="list-style-type: none"> • filing cabinets to store records (1) • computer database of records (1) Description: e.g. <ul style="list-style-type: none"> • keep filing cabinet locked (1) - limited number of keyholders (1) • computer kept in office (1) – access by password only (1) 	1 way 2 x 1 description 3 marks	AO1	1.6.2

Q	Answer	Mark	AO	Topic
6	<p>(e.g. Visitors) need to</p> <ul style="list-style-type: none"> establish health & safety procedures (1) – to protect lawful visitors (1) set up emergency procedures (1) – such as fire alarms (1) assess risks (1) – to help ensure safety of visitors (1) provide adequate first aid facilities (1) – so visitor hurt can be treated (1) record all accidents (1) – to reduce chance of same accident in future (1) <p>(e.g. Carer driving) need to</p> <ul style="list-style-type: none"> establish health & safety procedures (1) – to protect occupants (1) ensure minibus is safe (1) – e.g. MOT/check tyres (1) install safe apparatus (1) – for elderly (1) set up emergency procedures (1) – e.g. mobile phones/so carers know how to react (1) take out appropriate insurance (1) – for driver and passengers (1) 	<p>6 x 1 how</p> <p>OR</p> <p>6 x 1 how</p> <p>6 marks</p>	AO1	1.6.2
7	<p>Change 1 and 2 identified: e.g.</p> <ul style="list-style-type: none"> change in interest rates on loan to pay for new minibus change in fuel duty/road tax <p>Effect of changes on decision: e.g.</p> <ul style="list-style-type: none"> loan interest rates go up (1) – increases costs so may postpone (1) fuel duty rises (1) – decision based on whether new minibus will be more economical (1) 	<p>2 x 1</p> <p>4 x 1 (any combination)</p> <p>6 marks</p>	AO1	1.2.4

Levels of response and QWC for Q7

Level 3 5 - 6 marks

Candidates will have demonstrated a thorough knowledge of business actions related to the external environment, supported by clear 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 3 - 4 marks

Candidates will have demonstrated a good knowledge of business actions related to the external environment, supported by limited 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 - 2 marks

Candidates will have demonstrated some knowledge of business actions related to the external environment, though there will be no supporting assessment.

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
8	Cement 170.24 (1) Mortar (4 bags) 18.52 (1) Sand 45.47 (1) Cleaner 19.98 (1) Total 254.21 (1) no OF	4 x 1 items 1 total 5 marks	AO2	1.5.2
9	See below	6 x 1	AO2	1.5.2

Sales price	18 750	18 750	0 (no F or A)	(1) all
Building materials	2 250	2 315	65 A	(1) all
Consumables	945	1 095	150 A	(1) all
Skilled labour	4 900	3 905	995 F	(1) all
Unskilled labour	4 375	5 742	1 367 A	(1) all
Overheads	1 775	1 775	0 (no F or A)	(1) all

Budgeted profit £4 505 **no OF**
Actual profit £3 918 **no OF**

1 budgeted
1 actual
8 marks

AO2

- 10 Materials: e.g.
- price rise (1) – budget figures out of date (1)
 - more used (1) - because lower grade labour used (1) – or lower quality materials used (1)
 - more wastage than planned (1)
 - underestimated size of job (1)
- Labour: e.g.
- more unskilled employees used than budgeted (1)
 - fewer skilled employees used (1)
 - different hourly rates than budgeted (1) – different mix/of labour (1) – and different numbers of each type (1)
- 3 x 1, 2+1, 1 x 3
any combination
- 3 x 1, 2+1, 1 x 3
any combination
- AO3 1.5.2
- AO3
- 6 marks**

Q	Answer	Mark	AO	Topic
11	<ul style="list-style-type: none"> • • Planning (1) – plan maximum amounts for costs/expenditure (1) – helps Bob's decision making (1) • Motivation (1) – budgeting sets targets (1) – Bob/employees motivated to achieve them (1) • Co-ordination (1) – budgets for costs/revenues helps Bob co-ordinate the business functions (1) – by drawing all finances together (1) • Decision making (1) – informs Bob's financial decisions (1) – helps lenders decide whether to lend (1) 	<p>2 x 1 ways</p> <p>4 x 1 analysis</p> <p>6 marks</p>	<p>AO1</p> <p>AO3</p>	<p>1.5.2</p>
12	<ul style="list-style-type: none"> • Calculates automatically (1) • Use of formulae (1) 	<p>1 why</p> <p>1 mark</p>	<p>AO1</p>	<p>1.5.3</p>
13	<p>Cash e.g.</p> <ul style="list-style-type: none"> • money received/spent (1) <p>Profit e.g.</p> <ul style="list-style-type: none"> • the surplus of revenue over expenditure (1) <p>Cash flow e.g.</p> <ul style="list-style-type: none"> • the movement of cash in/out of a business (1) <p>Liquidity e.g.</p> <ul style="list-style-type: none"> • measure of ability to meet short-term debts (1) 	<p>1 cash</p> <p>1 profit</p> <p>1 cash flow</p> <p>1 liquidity</p> <p>4 marks</p>	<p>AO1</p>	<p>1.5.3</p>

Q	Answer	Mark	AO	Topic
14	See below	12 x 1	AO2	1.5.3

Item	Jan (£)	Feb (£)	Mar (£)	
Inflows from local authority	26 890	26 955	27 065	(1) all
Inflows from Residents	6 550	6 270	6 540	(1) all
Other inflows	1 005	1 005	1 205	(1) all
Total inflows	34 445	34 230	34 810	(1) all OF
Heat and light	745	900	900	(1) all
Food and drink	1 890	1 920	1 920	(1) all
Wages	28 500	28 500	28 500	(1) all
Travel	675	500	500	(1) all
Other	1 000	1 000	1 000	(1) all
Total outflows	32 810	32 820	32 820	(1) all OF
Net cash flow	1 635	1 410	1 990	(1) all no OF
Opening balance	2 235	3 870	5 280	
Closing balance	3 870	5 280	7 270	(1) Mar no OF

12 marks

15a	Upward/increasing (1) OF	1 mark	AO1	1.5.3
15b	What to do with the increasing surplus (1) OF	1 mark	AO1	1.5.3

Q	Answer	Mark	AO	Topic
16	<p>Rely on CFF to monitor: e.g.</p> <ul style="list-style-type: none"> Laura can predict peaks and troughs in cash balances (1) – so can plan borrowing/invest surplus (1) – and helps her identify the main cash sources and applications (1) 	3 x 1 rely on	AO4	1.5.3
	<p>Cannot rely on CFF to monitor: e.g.</p> <ul style="list-style-type: none"> because only an estimate (1) - cannot forecast future trading conditions (1) - events will make the CFF inaccurate (1) 	2 x 1 not rely on		
	<p>Conclusion e.g. value in terms of planning but has limitations (1)</p>	1 conclusion		
		6 marks		

Levels of response and QWC for Q16

Level 3 5 - 6 marks

Candidates will have demonstrated a thorough assessment of the issues relating to cash flow forecasts.

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 3 - 4 marks

Candidates will have demonstrated a good assessment of the issues relating to cash flow forecasts.

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 - 2 marks

Candidates will have demonstrated some assessment of the issues relating to cash flow forecasts.

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 2013

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 Decision making and the Marketing function

Q	Answer	Mark	AO	Topic
1	<p>Suitable: e.g.</p> <ul style="list-style-type: none"> everyone has an equal chance of being included (1) – because completely random/representative (1) – so no bias (1) <p>Unsuitable: e.g.</p> <ul style="list-style-type: none"> not targeted at the key segment (1) – so may give unrepresentative sample (1) - sampling frame may not exist/may not apply to the context (1) <p>Max 3 marks for one-sided answer</p>	<p>1 suitable 2 x 1 why</p> <p>1 unsuitable 2 x 1 why</p>	<p>AO1 AO2</p> <p>AO1 AO2</p>	5.1.2
		4 marks		
2	<p>236 582 x (20.9 + 5.1)% x 2.5% x 49% = (753.51) accept 753 or 754 (3) (1 selection of population figure and both age group %s) (1 use of male % and sample size %)</p> <p>236 582 x (20.9 + 5.1)% x 2.5% x 51% = (784.27) accept 784 or 785 (2) (1 overall method)</p> <p>Total = 1538 (also accept 1537 and 1539) (1) OF</p>	<p>3 x 1</p> <p>2 x 1</p> <p>1</p>	<p>AO2</p> <p>AO2</p> <p>AO2</p>	5.1.2
		6 marks		

Q	Answer	Mark	AO	Topic
3	<p>Value: e.g.</p> <ul style="list-style-type: none"> • Appropriate target populations (1) – most interested in the products (1) • 1538/2.5% is a large sample (1) – should give representative results (1) <p>Limitations: e.g.</p> <ul style="list-style-type: none"> • 2001 date (1) – out of date (1) - changes since are not known (1) • Wolverhampton only (1) – may not be typical of rest of country (1) • may not be purchasers (1) – 20+ age groups may purchase e.g. presents (1) • may have limited purchasing power (1) • quantitative approach only (1) • a large age range/different interest areas within the two groupings (1) <p>Conclusion: e.g.</p> <ul style="list-style-type: none"> • don't know other information e.g. purchasing power (1) • other techniques needed to clarify the results (1) – e.g. qualitative (1) 	8 x 1	AO2	5.1.2
		2 x 1	AO4	
		10 marks		
4	<p>“relevant sales trends”: e.g.</p> <ul style="list-style-type: none"> • movement of sales over time (1) – of children/teenager goods (1) <p>“sales forecast for the new items”: e.g.</p> <ul style="list-style-type: none"> • expected future sales (1) – of games and gadgets/products that will be sold in the new store (1) <p>“qualitative method”: e.g.</p> <ul style="list-style-type: none"> • method of forecasting (1) – based on interviews/based on non-numerical information (1) <p>“marketing strategies”: e.g.</p> <ul style="list-style-type: none"> • overall approaches to marketing products/services (1) – based on e.g. the “four Ps” (1) 	2 x 1	AO1	5.1.1, 5.1.4
		2 x 1		
		2 x 1		
		2 x 1		
		8 marks		

Paper A

Levels of response and QWC for Q3

Level 3 8 - 10 marks

Candidates will have demonstrated a thorough knowledge of sampling, 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 sampling, supported by some analysis and 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 sampling. There will be limited analysis 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.

Q	Answer	Mark	AO	Topic
5a	<p>Helpful because: e.g.:</p> <ul style="list-style-type: none"> helps select a mix of established and up-and-coming products (1) can avoid too many products in the Decline stage (1) growth/maturity products should be easily obtainable from suppliers (1) – and already heavily marketed (1) <p>Not helpful because: e.g.</p> <ul style="list-style-type: none"> difficult to establish where product is in the lifecycle (1) – may not be able to get this information/may wrongly categorise (1) product mix offered depends on other factors (1) – e.g. range of prices, types (1) 	<p>4 x 1 useful</p> <p>2 x 1 not useful</p>	<p>AO3</p> <p>AO4</p>	<p>5.1.3</p>
		6 marks		
5b	<p>Helpful because: e.g.</p> <ul style="list-style-type: none"> can target promotion at e.g. employed (1) – who may have higher levels of disposable income (1) can target different sections within the department (1) – e.g. games at students (1) <p>Not helpful because: e.g.</p> <ul style="list-style-type: none"> source not stated (1) – neither is date (1) – makes the statistics unreliable (1) promoting the store may be part of overall <i>JB plc</i> promotion locally (1) – may not seek to target by occupation/employment category (1) 	<p>4 x 1 useful</p> <p>2 x 1 not useful</p>	<p>AO3</p> <p>AO4</p>	<p>5.1.4</p>
		6 marks		

Paper B Decision making and the Production function

Q	Answer	Mark	AO	Topic
1	<ul style="list-style-type: none"> • profits are smoothed over time (1) – so both high and low profits avoided (1) • purchase costs evened out (1) - so issue prices do not vary greatly (1) • logical (1) - assumes units when bought at different times, have same value (1) • reflects stock values (1) - because closing stock valuation is close to current market value (1) • calculations easily computerised (1) – so cost-effective (1) • acceptable for tax purposes (1) – and under IAS 2 (companies can use) (1) 	<p>1 advantage 1 development</p> <p>2 x (1 + 1)</p> <p>4 marks</p>	AO1	5.2.3
2a	<p>Any four stages in order: e.g.</p> <ul style="list-style-type: none"> • generate idea • idea screening • concept development/testing • marketing strategy and development • business analysis • product development • test marketing • product launch 	<p>4 x 1</p> <p>4 marks</p>	AO1	5.2.4
2b	<p>Impact: e.g.</p> <ul style="list-style-type: none"> • change in production process (1) – e.g. new production line (1) – effect on teamwork/team structures (1) • change in production equipment (1)– e.g. new machinery/computerisation (1) – training needed (1) • change in production supply (1) – e.g. new materials (1) – new handling/storage requirements (1) 	<p>2 x 1 impact</p> <p>4 x 1 assessment</p> <p>6 marks</p>	AO2 AO4	5.2.4

Q	Answer	Mark	AO	Topic
3a	<p>Value analysis: e.g.</p> <ul style="list-style-type: none"> • A systematic method to improve the "value" of goods or products and services (1) - by examining their function (1) • A structured process that is based on "function" (1) - i.e. what something does rather than what it is (1) • Analysis of a product's function (1) - to identify relationships that increase value (1) • An approach to improve the value of a product by understanding its components and related costs (1) - and then seeks to reduce cost or increase the value (1) 	<p>1 what 1 development</p> <p>2 marks</p>	AO1	5.2.4
3b	<ul style="list-style-type: none"> • Improved customer orientation (1) - by focusing on those satnav features that better satisfy customer needs (1) • Cost reduction (1) - by eliminating functions related to satnavs that do not fully satisfy customer needs (1) • New ideas from the innovation phase (1) - that could bring change and competitive advantage (1) • A new systematic mentality (1) - for designs of new satnavs or improvements to existing ones (1) • Co-operation (1) – external economy of scale (1) <p>Accept reference to any electronic product</p>	<p>1 advantage 1 development</p> <p>2 x (1 + 1)</p> <p>4 marks</p>	AO2	5.2.4

Q	Answer	Mark	AO	Topic
4	Why: e.g. <ul style="list-style-type: none"> • purchasing at a lower unit cost (1) - <i>PlayTek Ltd</i> can pass on to customers as lower prices (1) – should make it more competitive (1) - increase its share of the market (1) - reduces threat of losing the contract with <i>JB plc</i> (1) • purchasing economies lets <i>PlayTek Ltd</i> keep current prices (1) - increase profit margins (1) - satisfies shareholders (1) 	6 x 1 analysis	AO3	5.2.2
		6 marks		
5	Value: e.g. <ul style="list-style-type: none"> • Benefit from the level of training/skill (1) - which will improve through local courses being developed (1) • Support services will have developed (1) – e.g. specialist transport, packaging, insurance (1) • Area gains good reputation (1) - makes it easier to sell the products (1) • But competition for skilled labour (1) - and one 'bad' business in the area can create a bad reputation for all (1) 	4 x 1 external economy, development or example	AO2	5.2.2
		2 x 1 judgement	AO4	
		6 marks		
6a	144 products (1) - per employee (1)	2 x 1	AO2	5.2.1
		2 marks		
6b	6660/37 OR 144 x 125% (1) = 180 (1) Increased by 25% (1) – but pay rise limits the gain in unit costs (1) Was £13.50 a product in 2011 (1) – in 2012 it was £12.50 ([2250 x 37] / 6660) (1)	2 (1 method)	AO2	5.2.1
		2 x 1	AO2	
		2 x 1	AO3	
		6 marks		

Paper B

Levels of response and QWC for Q5

Level 3 5 - 6 marks

Candidates will have demonstrated a thorough knowledge of external economies of scale. There will be clear explanation of the economies supported by clear and detailed 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 3 - 4 marks

Candidates will have demonstrated a good knowledge of external economies. There will be sound explanation of the economies supported by some 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 - 2 marks

Candidates will have demonstrated some knowledge of external economies. There will be description rather than explanation with no 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 Decision making and the Finance function

Q	Answer	Mark	AO	Topic
1a	£88.89 (1) – adverse (1)	2 marks	AO2	5.3.4
1b	Rate: e.g. <ul style="list-style-type: none"> • higher/more expensive grade labour used (1) – than budgeted for (1) • mix of labour different (1) – more higher-pay employees used and fewer lower-pay ones (1) Efficiency: e.g. <ul style="list-style-type: none"> • worked more slowly than the standard (1) – longer time = higher cost (1) 	1 statement 1 development 2 x (1 + 1)	AO1	5.3.4
		4 marks		
2	(Actual figures: Oats = 1.05 kg per batch at £1.15 per kg Butter etc 1.25 kg at £2.52 per kg) Price = AQ x (AP – SP): Oats 42 x (£1.15 - £1.20) = £2.10 fav (1) Butter etc 50 x (£2.52 - £2.50) = £1 adv (1) Overall £1.10 fav (1) OF (1 mark for correct method) Usage SP x (AQ – SQ): Oats £1.20 x (42 – 40) = £2.40 adv (1) Butter etc £2.50 x (50 – 48) = £5 adv (1) Overall £7.40 adv (1) OF (1 mark for correct method) Total: Actual £174.30 – std (40 x £4.20) £168.00 (1) = £6.30 adv (1) OF	1 oats 1 butter 1 overall 1 oats 1 butter 1 overall 2 x 1 total	AO2 AO2 AO3	5.3.4
		8 marks		

Q	Answer	Mark	AO	Topic
3	<ul style="list-style-type: none"> Review labour work practices (1) – to monitor efficiency/wastage (1) Check pay rates/levels (1) – to control rate variance (1) Use cheaper/different suppliers (1) - will reduce price variances (1) Train staff to be more efficient (1) – will reduce usage (1) Review cost card(s) (1) - costs may be out of date (1) 	<p>3 x 1 analysis</p> <p>3 x 1 justification</p>	AO3 AO4	5.3.4
		6 marks		
4	<p>Non-current liabilities: e.g.</p> <ul style="list-style-type: none"> items owed by <i>JB plc</i> (1) – for over one accounting period (1) <p>Retained earnings: e.g.</p> <ul style="list-style-type: none"> amounts kept back (1) – from profits made (1) <p>Reserves: e.g.</p> <ul style="list-style-type: none"> profit allocated (1) – for a general/specific purpose (1) 	<p>1 statement</p> <p>1 outline</p> <p>3 x 2</p>	AO1	5.3.1
		6 marks		
5	<p>Acid Test:</p> <p>Wolverhampton 0.09 (2012), 0.16 (2011) (1)</p> <p>Stoke 0.11 (2012), 0.08 (2011) (1)</p> <p>(Any two correct = 2m)</p> <p>Current:</p> <p>Wolverhampton 3.63 (2012), 5.89 (2011) (1)</p> <p>Stoke 3.79 (2012), 4.21 (2011) (1)</p> <p>(Any two correct = 2m)</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p>	AO2	5.3.2
		4 marks		

Q	Answer	Mark	AO	Topic
6	<p>Comments on calculations: e.g. OF</p> <ul style="list-style-type: none"> • both Acid Tests low (1) - W worsening, S improving (1) • both Currents high (1) – both stores improving (1) • W has better turnover (1) – but worsening while S improving (1) 	4 x 1	AO2	5.3.2
	<p>Useful: e.g.</p> <ul style="list-style-type: none"> • AT and Current give an indication of liquidity (1) – key factor in staying in business (1) • Turnover indicates speed of stock movements (1) – indicates efficiency of selling/shop space (1) 	3 x 1	AO3	
	<p>Limitations: e.g.</p> <ul style="list-style-type: none"> • Acid Test and Current of limited use because individual stores will be funded by parent company (1) – so parent company's ratios more important (1) • Turnover of limited use because stores may sell different items (1) – and products in different mixes (1) 	3 x 1	AO4	

10 marks

Paper C

Levels of response and QWC for Q6

Level 3 7 - 10 marks

Candidates will have demonstrated a thorough knowledge of business performance. There will be clear explanation and assessment of the situation, supported by numerical examples.

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 business performance. There will be sound explanation and some assessment, together with the use of some figures.

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 business performance. There will be description rather than explanation and assessment, with no or limited use of figures.

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 Other decision-making tools

Q	Answer	Mark	AO	Topic
1a	Option A: 500 + 450 + 400 + 360 = 1 710 Option B: 1000 + 630 + 320 + 60 = 2 010	2 (1 method) 2 (1 method) 4 marks	AO2	5.4.1
1b	Profit for A: 1710 x 65p = £1 111.50 Profit for B: 2010 x 40p = £804	2 (1 method) 2 (1 method) 4 marks	AO2	5.4.2
2	Fixed-base index: e.g. <ul style="list-style-type: none"> An index number for which the base period for the calculations remains unchanged (1) - during the lifetime of the index (1) CPI: e.g. <ul style="list-style-type: none"> Shows national price movements (1) – using a 'basket' of items (1) 	1 meaning 1 outline 2 x (1 + 1) 4 marks	AO1	5.4.2

Q	Answer	Mark	AO	Topic
3	Useful: e.g. <ul style="list-style-type: none"> Reflects general price movements (1) – which consumers will be used to (1) Keeps the price in line with the average of other ‘basket’ items (1) – controls the price movement (1) 	4 x 1 useful	AO3	5.4.2
	Not useful: e.g. <ul style="list-style-type: none"> Not specific to publications (1) - because the CPI/RPI/a national index only shows generic changes over time (1) A national index doesn't apply only to <i>JB plc</i> (1) – which will have its own pricing policies (1) – and will be influenced by other factors e.g. need to adopt competition pricing (1) Does not reflect specific changes in cost (1) – e.g. increase in paper/printing costs (1) 	4 x 1 not useful	AO4	
		8 marks		
4	Payback: 2 years and 2 months (2)	2 (1 if expressed other than years and months)	AO2	5.4.3
		2 marks		

Q	Answer	Mark	AO	Topic
5	<p>Knowledge of methods: e.g.</p> <ul style="list-style-type: none"> • IRR establishes a percentage return against which this investment can be measured (1) • payback assesses the investment's risk by showing how long it takes to recover the cash investment (1) 	2 x 1	AO1	5.4.3
	<p>Comparison and analysis: e.g.</p> <ul style="list-style-type: none"> • both provide a quantitative forecast (1) – because both use cash returns (1) • IRR can take the time value of money into account (1) – payback does not (1) - important in inflationary times (1) • both are concerned with cash rather than profits (1) - so other techniques e.g. ARR should be used (1) 	2 x 1 4 x 1	AO2 AO3	
	<p>Conclusion: e.g.</p> <ul style="list-style-type: none"> • their usefulness depends on the accuracy of predicted figures (1) • any results must be viewed in a wider context, e.g. qualitative issues (1) 	2 x 1	AO4	

10 marks

Paper D

Levels of response and QWC for Q5

Level 3 8 – 10 marks

Candidates will have demonstrated a thorough knowledge of the methods, supported by detailed comparisons.

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 the methods. There will be sound comparisons.

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 methods, though any comparison will be limited.

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
6	Nature/purpose: e.g. <ul style="list-style-type: none"> a chart showing the scheduling of a project/the “<i>Meals the JB way</i>” project (1) - such as when the printer is delivered/set up and target dates for printing (1) 	2 x 1	AO1	5.4.4
	Similar: e.g. <ul style="list-style-type: none"> both show sequence of activities (1) – where an activity cannot start until another finishes (1) – and non-dependent (parallel) activities (1) 	2 x 1	AO1	
	Advantage of CPA: e.g. <ul style="list-style-type: none"> CPA formally identifies tasks which must be completed on time for the “<i>Meals the JB way</i>” project to be completed on time (1) - and which project tasks can be delayed for a while (1) CPA identifies the minimum length of time needed to complete this project (1) – so helps control its costs (1) 	2 x 1	AO2	
	Disadvantage of CPA: e.g. <ul style="list-style-type: none"> the relation of tasks to time is not as obvious as with Gantt charts (1) - makes CPA more difficult to understand for <i>JB plc</i> staff who are not familiar with it (1) 	2 x 1	AO2	



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