



GCE MARKING SCHEME

**APPLIED BUSINESS
AS/Advanced**

SUMMER 2015

INTRODUCTION

The marking schemes which follow were those used by WJEC for the Summer 2015 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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GCE APPLIED BUSINESS - ABUS 1

SUMMER 2015 MARK SCHEME

SECTION A

Q	Answer	Mark	AO	Topic
1	B	1 mark	AO1	1.2.1
2	A	1 mark	AO1	1.6.1
3	C	1 mark	AO1	1.5.3
4	D	1 mark	AO1	1.5.4
5	Two skills/attributes: e.g. <ul style="list-style-type: none"> • the ability to identify potential business opportunities • being willing to take risk as a result of taking advantage of opportunities • having self-confidence and motivation • possessing the ability to inspire • being able to both create and work effectively with teams 	2 x 1 skills or attributes	AO1	1.1.1
		2 marks		
6	Marketing: demonstrating the equipment to prospective customers Product: the new lifting equipment Supply chain: ordering from a business not previously used	1 1 1	AO2	1.1.2
		3 marks		
7 (a)	To increase the number of international removals by 10% in 2015 To maintain <i>Sendit's</i> present profit margins this year	1 1	AO1	1.2.2 1.2.3
		2 marks		

Q	Answer	Mark	AO	Topic
7 (b)	<ul style="list-style-type: none"> They are the most measurable (1) – e.g. mention of time/amount (1) They most closely meet the SMART criteria (1) – because they are measurable etc (1) 	1 statement 1 explanation	AO1	1.2.2 1.2.3
		2 marks		
8 (a)	Two sections: e.g. <ul style="list-style-type: none"> Aims/objectives/mission statement Executive summary Marketing plan Financial plan (Sections need to be in context of <i>Sendit</i>)	2 x 1	AO2	1.2.5
		2 marks		
8 (b)	Way: e.g. <ul style="list-style-type: none"> review updates made (1) – whether positive or negative (1) compare plan's figures (1) – against actual achievements (1) 	1 how 1 development	AO1	1.2.5
		2 marks		
9	Debtors collection: discover how long <i>Sendit</i> allows its customers to pay what they owe GP margin: compare the value of selling goods/services with their cost ROCE: assess whether the investment in <i>Sendit</i> is worthwhile Acid test: measure the company's liquidity Creditors collection: review how quickly <i>Sendit</i> pays its trading debts	3 (2 marks for any three correct; 1 mark for any two correct)	AO1	1.5.4
		3 marks		

SECTION B

Q	Answer	Mark	AO	Topic
1	Name and description	1 mark	AO1	1.2.1
2 (a)	<p>(Long-term financing: e.g. sole trader 'corner shop') by owner's initial investment (1) – and through a long term bank loan (1)</p> <p>(Control: e.g.) the sole trader/owner makes all the strategic decisions (1) – and the day-to-day ones as well (1)</p> <p>Accept answers based on a PLC or any valid structure other than private limited</p>	<p>2 x 1 outline</p> <p>2 x 1 outline</p>	AO1	1.2.1
		4 marks		
2 (b)	<p>(e.g. of sole trader, followed by e.g. of PLC)</p> <p>(Long-term financing: e.g.)</p> <ul style="list-style-type: none"> • <i>Sendit</i> will be financed by shares, which are not issued by sole traders (1) – although <i>Sendit</i> is also likely to have some long-term loans (1) • Both <i>Sendit</i> and the PLC chosen are financed by shares (1) – the PLC has a long-term loan, which <i>Sendit</i> is also likely to have as a ltd co (1) <p>(Control: e.g.)</p> <ul style="list-style-type: none"> • directors of <i>Sendit</i> rather than the owner(s) make strategic decisions (1) – and delegate tactical decision making to functional managers (1) • all limited companies are controlled strategically by directors (1) – and both the chosen PLC and <i>Sendit</i> will have managers who control on a more day-to-day basis (1) 	<p>2 x 1 comparison</p> <p>2 x 1 comparison</p>	AO2	1.2.1
		4 marks		

Q	Answer	Mark	AO	Topic
3 (a)	Physical resource example Informational resource example	2 x 1 examples	AO1	1.4.1
		2 marks		
3 (b)	Reasons: e.g. different <ul style="list-style-type: none"> markets/products (1) – e.g. (1) age (1) – e.g. (1) size (1) – e.g. (1) sector (1) – e.g. (1) value (1) – e.g. (1) 	1 reason 1 development or example	AO3	1.4.1
		4 marks		
4 (a)	<ul style="list-style-type: none"> An approach to long-term success (1) – through customer satisfaction/by involving all employees (1) All members of an organisation participate (1) – to improve processes, products/services and the culture where they work (1) 	2 x 1 meaning	AO1	1.4.2
		2 marks		
4 (b)	(Customers: e.g.) <ul style="list-style-type: none"> TQM is customer focused (1) – so customer determines level of quality (1) – and will judge whether the approach to quality is effective (1) TQM leads to improved quality (1) – which improves <i>Sendit's</i> reputation (1) – leading to repeat purchases (1) (Employees: e.g.) work towards common goals (1) – so they need to work in a suitable environment (1) – and be empowered to make quality-based decisions (1)	1 statement how 2 x 1 development 1 statement how 2 x 1 development	AO1	1.4.2
		6 marks		

Q	Answer	Mark	AO	Topic
5	(Different: e.g.) different functional responsibility (1) – e.g. Louise is responsible for employment/people rather than (e.g.) Mike for sales campaign/Saeed for constructing final accounts (1) (The same: e.g.) they all make strategic plans for <i>Sendit</i> (1) – e.g. establishing aims and objectives/making key investment decisions/being involved in the successful implementation of TQM (1)	1 how different 1 outline 1 how the same 1 outline	AO1	1.3.1
		4 marks		
6	Way: e.g. <ul style="list-style-type: none"> an increase in base rates (1) – will add to <i>Sendit's</i> costs (1) – and will influence the choice of lender/its ability to undertake expansion (1) an increase in fuel costs (1) – this could force <i>Sendit</i> to increase its prices (1) – which might make it less competitive (1) the improved efficiency of engines (1) – encourages <i>Sendit</i> to invest in new vehicles (1) – to save costs in the longer term (1) 	1 way 2 x 1 development	AO3	1.2.4
		3 marks		
7 (a)	See below	See below	AO2	1.5.3
		3 marks		

Receipts from clients (Sales) (£)	35 000	40 000
Gross profit margin (%)	70	68
Cost of sales (£)	10 500 (1)	12 800 (1)
Gross profit (£)	24 500 (1)	27 200 (1)
Other expenses (£)	5 000	7 700
Net profit (£)	19 500 (1) OF	19 500 (1) OF

7 (b)	(2016) 55.7% (1) OF (2017) 48.75% (1) OF	2 x 1	AO2	1.5.3
		2 marks		

Q	Answer	Mark	AO	Topic
8	<p>NP has stayed the same (1) –</p> <p>but NP margin has fallen by 3.4% (3.5%) (1) – and GP margin by 2% (1) – with other expenses increasing by £2700/by 5% (1)</p> <p>(Decision: e.g.) Worse performance because the fall in the margins/the increase in costs/profit is the same (1) – but profitability has fallen (1)</p> <p>Allow OF arguments and arguments based on the table only if no/wrong calculations in answer to Q7</p>	<p>1 NP comment</p> <p>2 x 1 use of figures with comments</p> <p>2 decision</p>	<p>AO2</p> <p>AO4</p> <p>AO4</p>	1.5.3
		5 marks		
9	<p>Revenue budget: e.g.</p> <ul style="list-style-type: none"> items sold/space rented/items transported (ie, 'number') (1) – multiplied by price per unit/item (1) <p>Wages budget: e.g.</p> <ul style="list-style-type: none"> identify the hours worked and hourly rates (1) – then multiply and total (1) find the number of employees (1) – and multiply by the amount of pay per employee per time period (1) <p>Allow answers based on examples that outline the construction of the budgets</p>	<p>1 statement 1 outline</p> <p>1 statement 1 outline</p> <p>(1 + 1) x 2</p>	AO1	1.5.2
		4 marks		
10	<p>Budgeting is financial planning (1) – to predict inflows and outflows of money for the business/to guide managers who have to meet business objectives (1) –</p> <p>whereas Budgetary control is a system using (revenue and cost) budgets to control business activities (1) – by comparing actual against budget/by analysing the difference between what was planned and what has happened in reality (1)</p> <p>A favourable revenue variance occurs when the actual revenue is higher (1) – than the budgeted revenue (1) – whereas a favourable cost variance occurs when the actual cost is lower (1) – than the budgeted cost (1)</p>	<p>1 statement 1 difference or development</p> <p>1 statement 1 difference or development</p> <p>1 statement 1 difference or development 1 statement 1 difference or development</p>	AO1	1.5.2
		8 marks		

Q	Answer	Mark	AO	Topic
11	It contains a fixed element (1) – that that does not change as usage (output) changes (1) – and a variable element (1) – that does change as usage (output) changes (1)	4 x 1	AO1	1.5.1
		4 marks		
12	(Fixed) Business rates (1) – will not change as amount stored changes (1) (Stepped) A second building (1) – because this cost will only be incurred/will ‘jump’ if the amount of storage space goes above a certain level/point (1)	2 x 1 fixed 2 x 1 stepped	AO3	1.5.1
		4 marks		

Levels of response and QWC for Q10

Level 3 6 - 8 marks

Candidates will have demonstrated a thorough understanding of the issues relating to budgeting and budgetary control.

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 – 5 marks

Candidates will have demonstrated a good knowledge of the issues relating to budgeting and budgetary control.

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 issues relating to budgeting and budgetary control.

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	£300 (1) 24 (1) £5 (1) £17.50 (1) - 4 (also accept 'no margin of safety') (1) £50 (1) loss (1)	7 x 1	AO2	1.5.1
		7 marks		
14	<ul style="list-style-type: none"> It encourages <i>Sendit</i> to quantify the analysis (1) – ie, revenues and costs (1) – e.g. it shows the apparent situation if x number of storage areas are rented (1) – so <i>Sendit</i> can make 'what if?' decisions/pricing decisions (1) But it depends on the accuracy of the variables (1) – e.g. (costs) fixed costs may change in the long run/variable costs per storage area may change (1) – e.g. (revenue) the number of areas rented will vary weekly (1) Other factors are ignored (1) – e.g. pricing policies of/changes by competitors also offering storage facilities (1) – or whether a second building will need to be rented (1) <p>Conclusion: e.g. useful for <i>Sendit</i> in the short term/as a guide (1) – but it is only a forecast/external factors will affect accuracy (1)</p>	<p>4 x 1 likely help (2m max if not in context)</p> <p>4 x 1 limitations (2m max if not in context)</p> <p>2 x 1 conclusion</p>	<p>AO3</p> <p>AO4</p> <p>AO4</p>	1.5.1
		10 marks		

Levels of response and QWC for Q14

Level 3 8 - 10 marks

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

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 assessment of the issues relating to break-even analysis.

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.

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

SUMMER 2015 MARK SCHEME

Paper and question summary of AO marks

Section	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

SECTION A

Q	Answer	Mark	AO	Topic
1	<p>For the Delphi technique: e.g.</p> <ul style="list-style-type: none"> it would result in forecasts from experts/people (1) – who could provide accurate predictions/who would reach consensus (1) – therefore it provides qualitative opinion to support CQ’s quantitative figures e.g. on showers (1) <p>Limitations of the Delphi technique: e.g.</p> <ul style="list-style-type: none"> no guarantee that consensus would be achieved (1) – or that opinions would be accurate (1) – therefore conclusions could be misleading for CQ (1) 	<p>2 x 1 for</p> <p>1 analysis</p> <p>2 x 1 limitations</p> <p>1 analysis</p>	<p>AO1</p> <p>AO3</p> <p>AO1</p> <p>AO3</p>	5.1.1
		6 marks		
2	<p>Traditional: Decline stage (1) – (evidence) “other types taking over/we don’t sell anything like as many of these today . . .” (1)</p> <p>Digital: Maturity stage (1) – (evidence) “our best seller/consistent sales for some time . . .” (1)</p> <p>Bar: Growth stage (1) – (evidence) “our sales have increased year on year . . .” (1)</p> <p>Concealed: Introduction stage (1) – (evidence) “Earlier this year our supplier launched . . .” (or) “once the public discovers them . . .” (1)</p>	<p>4 x 1 stage of PLC</p> <p>4 x 1 supporting evidence</p>	<p>AO3</p> <p>AO2</p>	5.1.3
		8 marks		

Q	Answer	Mark	AO	Topic
3	<p>PLC could help: e.g.</p> <ul style="list-style-type: none"> it can identify which stage each shower type is at (1) – so it will help decide which shower to offer (1) – and when to stop offering (1) <p>PLC not/less helpful: e.g.</p> <ul style="list-style-type: none"> analysis is based largely on CQ’s sales of showers (1) – CQ does not make the showers/will not have access to national sales trends (1) – so it is limited information only on which to make judgments (1) <p>Accept 4 + 2 or 2 + 4</p>	3 x 1 helpful	AO4	5.1.3
		3 x 1 not helpful	AO4	
		6 marks		
4 (a)	<p>BCG Matrix: e.g.</p> <ul style="list-style-type: none"> it is designed to help a business analyse its product lines/services (1) – according to market share and growth (1) - and therefore to help allocate its resources/to help plan its marketing strategy (1) <p>Ansoff: e.g.</p> <ul style="list-style-type: none"> it is designed to help a business determine its product and market growth strategy (1) – by classifying products and markets as new or existing (1) – and encouraging risk to be set/judged for each category (1) 	3 x 1 BCG purpose described	AO1	5.1.4
		3 x 1 Ansoff purpose described		
		6 marks		

Q	Answer	Mark	AO	Topic
4 (b)	<p>BCG: e.g.</p> <ul style="list-style-type: none"> CQ is not yet active in this market (1) – it does not have a current product portfolio with different growth rates and shares (1) – therefore it cannot classify products as stars etc (1) – it will need to be active in the market before using BCG effectively (1) – so not BCQ will not help at present (1) <p>Ansoff: e.g.</p> <ul style="list-style-type: none"> this Matrix includes ‘new products in new markets’, which fitted bedrooms are for CQ (1) – so risk can be considered/the degree of risk is highlighted (1) – and therefore it will encourage sales staff to set clear objectives/to have a clear strategy (1) – so Ansoff will help them (1) <p>(accept arguments based on new product in existing market, ie Market Penetration)</p>	<p>1 analysis of whether it helps</p> <p>3 x 1 comments applied</p> <p>1 analysis of whether it helps</p> <p>3 x 1 comments applied</p>	<p>AO3</p> <p>AO2</p> <p>AO3</p> <p>AO2</p>	5.1.4
		8 marks		
5	<p>Primary/types of bedroom to offer: e.g.</p> <ul style="list-style-type: none"> sales staff can analyse the existing market by segmenting (1) – can obtain a sample of likely customers (1) – and interview existing ones about potential interest in/preferences of types of fitted bedrooms (1) <p>Secondary/pricing of the bedrooms: e.g.</p> <ul style="list-style-type: none"> sales staff can check local competitor prices (1) – and study relevant existing (e.g. labour) costs of making kitchens (1) – can check success of past marketing campaigns (1) 	<p>3 x 1 explanation of how primary helps in the given context</p> <p>3 x 1 explanation of how secondary helps in the given context</p>	AO2	5.1.2
		6 marks		

SECTION A

Levels of response and QWC for Q4(b)

Level 3 6 - 8 marks

Candidates will have demonstrated a thorough knowledge and understanding of the BCG Matrix and Ansoff Matrix, supported by clear and detailed explanation of the relevance.

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 - 5 marks

Candidates will have demonstrated a good knowledge of the BCG Matrix and Ansoff Matrix, supported by some explanation of the relevance.

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 BCG Matrix and/or the Ansoff Matrix. There will be limited consideration of the relevance.

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.

SECTION B

Q	Answer	Mark	AO	Topic
1	<p>Financial (1) – “interest on loans” (or) “we have to pay the full interest rate” (1)</p> <p>Purchasing (1) – “we’re not able to bulk-buy much” (1)</p> <p>Marketing (1) – “we limit this to local radio and local papers” (or) “we couldn’t afford . . . TV” (1)</p> <p>Managerial (1) – “will always pay high salaries to specialist managers” (1)</p>	<p>4 x 1 identification of economy</p> <p>4 x 1 supporting evidence</p>	<p>AO3</p> <p>AO2</p>	5.2.2
		8 marks		
2 (a)	<p>Why: e.g.</p> <ul style="list-style-type: none"> • CQ’s market is individually designed and built kitchens/bathrooms (1) - so it is not appropriate to use other methods/batch or flow (1) • CQ is a small-scale business (1) – and is therefore operating on an insufficiently small scale to use flow production methods (1) 	4 x 1 why in context	AO2	5.2.1
		4 marks		
2 (b)	<p>Features of job: e.g.</p> <ul style="list-style-type: none"> • individual product (1) • skilled labour (1) • expensive equipment/machinery (1) • costly in terms of time (1) 	2 x 1 features	AO1	5.2.1
		2 marks		

Q	Answer	Mark	AO	Topic
3 (a)	Benefits of Job to employees: e.g. <ul style="list-style-type: none"> it increases their skills (1) – can make them marketable elsewhere (1) it offers varied work (1) – so they will be better motivated/be less likely to become bored (1) 	2 x 1 benefit (2 x 2)	AO1	5.2.1
		4 marks		
3 (b)	Why not appropriate: e.g. <ul style="list-style-type: none"> there is not a distinct 'product'/each job varies in complexity (1) – so 'output' is not sufficiently standardised to use as a measure (1) 	2 x 1 why not appropriate	AO4	5.2.1
		2 marks		
4	Frequency: 7 days (1) Reorder quantity: (460 – 180) 280 units (1) Lead time: (340 – 180 at 40 a day) 4 days (1) Buffer stock: 180 (1)	4 x 1	AO2	5.2.3
		4 marks		
5 (a)	Buffer: e.g. the stock held in reserve/the minimum stock level (1) Lead time: e.g. the time/number of days from reordering to receipt (1)	2 x 1 meaning	AO1	5.2.3
		2 marks		
5 (b)	Factors: e.g. <ul style="list-style-type: none"> likelihood of stock deteriorating (1) fluctuations in demand for the finished product using the stock (1) expected usage rates (1) frequency of deliveries offered by suppliers (1) 	2 x 1 factors	AO1	5.2.3
		2 marks		

Q	Answer	Mark	AO	Topic
6 (a)	<p>There will be no change (1) –</p> <p>CQ's oldest stock should always be issued (1) –</p> <p>because FIFO and AVCO are stock valuation methods (1) – and have nothing to do with CQ's stock control (1)</p>	<p>1 why not</p> <p>1 principle</p> <p>2 x 1 development</p>	AO2	5.2.3
		4 marks		
6 (b)	<p>Benefits of changing to FIFO: e.g.</p> <ul style="list-style-type: none"> • more straightforward system for CQ to use (1) – since each receipt is recorded at price, without calculation (1) – but with AVCO a new weighted average must be calculated for each receipt (1) • the issue/valuation price will always be at actual prices CQ paid (1) – but AVCO prices can be artificial/averaged/ones that CQ never paid (1) • FIFO parallels the physical flow of stock (1) – whereas AVCO does not (1) • FIFO closing stock values are closer to current market prices than AVCO's (1) <p>Drawbacks: e.g.</p> <ul style="list-style-type: none"> • CQ will now issue stock at out-of-date prices (1) – but issue prices using AVCO are typically more representative of current market conditions (1) • AVCO is more logical because it assumes identical stock items bought at different times have the same value (1) • FIFO charges the oldest costs against current revenues (1) – which can distort profit calculations (1) – but in AVCO, reported profits are evened out (1) • buying costs are not smoothed out (1) – so CQ's issue prices will vary more with FIFO than with AVCO (1) 	<p>4 x 1 benefits</p> <p>4 x 1 drawbacks</p>	AO3 AO4	5.2.3
		8 marks		

SECTION B

Levels of response and QWC for Q6b

Level 3 6 - 8 marks

Candidates will have demonstrated a thorough knowledge of FIFO and AVCO, 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 4 - 5 marks

Candidates will have demonstrated a good knowledge of FIFO and AVCO, 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 - 3 marks

Candidates will have demonstrated some knowledge of FIFO and AVCO. There will be limited if any 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.

SECTION C

Q	Answer	Mark	AO	Topic
1	Purpose: e.g. to <ul style="list-style-type: none"> • create a survival plan (1) – to establish how CQ’s suppliers will be paid/how lenders will respond to a borrowing request from CQ (1) • estimate CQ’s cash environment (1) - staff can make then decisions e.g. on how quickly it can grow (1) • show cash fluctuations (1) – e.g. identifying the effects of seasonal fluctuations on CQ’s work allows staff to plan for cash flow fluctuations (1) • review the chances of cash gains (1) – e.g. allows CQ to take advantage of quantity discounts from suppliers (1) • support partners’ decisions on cash (1) – e.g. by informing CQ’s partners’ plans to take profits out of the business (1) • act as a monitoring process (1) – so CQ can control cash through budgeting (1) 	4 x 1 applied to CQ	AO2	5.3.3
		4 marks		
2	Cost of sales: e.g. <ul style="list-style-type: none"> • (meaning) the direct cost (1) – of an item sold (1) – (example) the cost of making a fitted kitchen/bathroom (1) Opening inventory: e.g. <ul style="list-style-type: none"> • (meaning) the value of materials (1) – at the start of a financial period (1) – (example) stock of door handles (1) Non-current assets: e.g. <ul style="list-style-type: none"> • (meaning) long-term items (1) – owned by CQ (1) – (example) CQ’s delivery vans (1) Non-current liabilities: e.g. <ul style="list-style-type: none"> • (meaning) long-term debts (1) – owed by the business (1) – (example) CQ’s mortgage (1) 	2 x 1 meaning 1 example 4 x (2 + 1)	AO1 AO2	5.3.1
		12 marks		

SECTION C

Levels of response and QWC for Q2

Level 3 9 - 12 marks

Candidates will have demonstrated a thorough knowledge of these terms, supported by clear and detailed 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 5 - 8 marks

Candidates will have demonstrated a good knowledge of these terms, supported by some relevant exemplification.

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 - 4 marks

Candidates will have demonstrated some knowledge of these terms. There will be limited or no use of relevant examples.

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
3	Consistency: e.g. <ul style="list-style-type: none"> the methods/approaches used when calculating/drawing up CQ's figures (1) – these will stay the same from year to year (1) 	2 x 1 explanation	AO1	5.3.1
	Example: e.g. <ul style="list-style-type: none"> depreciation of CQ's non-current (fixed) assets (1) – this will be calculated using the same method/the same percentage (1) 	1 example identified 1 example developed	AO2	
		4 marks		
4 (a)	£7.25 (1) – adverse (1)	1 amount 1 type	AO2	5.3.4
		2 marks		
4 (b)	Efficiency: e.g. <ul style="list-style-type: none"> employees worked more slowly than the standard (1) – this longer time causes the higher cost (1) 	2 x 1 reason analysed	AO3	5.3.4
	Rate: e.g. <ul style="list-style-type: none"> a lower/less expensive grade labour used (1) – than budgeted for (1) the mix of labour was different (1) – CQ using fewer higher-pay employees and more lower-pay ones than planned (1) 	2 x 1 reason analysed	AO3	
		4 marks		

Q	Answer	Mark	AO	Topic
5	<p>(Actual figures are as follows: Sheets = usage 3 extra, actual price £7.95 Brackets = usage 10 extra, actual price 32p)</p> <p>(Price calculation = $AQ \times [AP - SP]$)</p> <p>Sheets = $63 \times 35p \text{ fav} = £22.05$ F (1) Brackets = $250 \times 2p \text{ adv} = £5.00$ A (1) Overall £17.05 F (1) OF (1 mark for correct method)</p> <p>(Usage calculation = $SP \times [AQ - SQ]$)</p> <p>Sheets = $£8.30 \times 3 \text{ extra} = £24.90$ A (1) Brackets = $£0.30 \times 10 \text{ extra} = £3.00$ A (1) Overall £27.90 A (1) OF (1 mark for correct method)</p> <p>Total: Actual £580.85 – Standard £570.00 ($60 \times £8.30$ and $240 \times £0.30$) (1) = £10.85 A (1) OF (OR $£17.05$ (F) – $£27.90$ (A) = $£10.85$ (A))</p>	<p>1 sheets 1 brackets 1 overall</p> <p>1 sheets 1brackets 1 overall</p> <p>2 overall</p>	<p>AO2 AO2 AO3</p> <p>AO2 AO2 AO3</p> <p>AO3</p>	5.3.4
		8 marks		
6	<ul style="list-style-type: none"> Review work practices (1) – and quality of training (1) – to discover the reasons for lower efficiency (1) Train staff to be more efficient (1) – will reduce usage (1) Use cheaper/different suppliers for brackets/screws (1) – to reduce this price variance (1) Review quality of MDF materials (1) – because the favourable price variance and adverse usage variance suggests low quality is a contributory factor (1) Review cost card(s) (1) - costs may be out of date (1) <p>Accept OF arguments</p>	6 x 1 judgement	AO4	5.3.4
		6 marks		

SECTION D

Q	Answer	Mark	AO	Topic
1 (a)	Quantity index: e.g. <ul style="list-style-type: none"> • an index that measures the change in amount not price (1) – over a time period (1) 	2 x 1 meaning	AO1	5.4.2
	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) 	2 x 1 meaning		
		4 marks		
1 (b)	Change of base year: e.g. <ul style="list-style-type: none"> • due to a fundamental change in circumstances (1) – such as different trading patterns/markets (1) • the base year acts as a benchmark for future comparisons (1) – so if the current context is different to that of the base year, it needs updating (1) 	2 x 1 why change	AO1	5.4.2
2	See below	See below	AO2	5.4.2
		4 marks		

Year	Bosch	Index	Hotpoint	Index	
2010	47	87.0	84	112.0	(1) both
2011	54	100.0	75	100.0	
2012	58	107.4	65	86.7	(1) both
2013	61	113.0	59	78.7	(1) both
2014	64	118.5	55	73.3	(1) both

Q	Answer	Mark	AO	Topic
3 (a)	It acts as the base year (1) – and it is the year when there is a large positive % change in volume values/the only year showing positive % changes for both price and volume values (1)	1 base year 1 positive change(s)	AO3	5.4.2
		2 marks		
3 (b)	Useful: e.g. <ul style="list-style-type: none"> these are reliable statistics/they are ONS-produced so are reliable (1) it shows trends in both prices and volumes (1) it indicates there are major fluctuations in volumes sold (1) – so CQ can plan sales/can plan storage accordingly (1) Not useful: e.g. <ul style="list-style-type: none"> it is dated information (1) – because the statistics only reach 2012 (1) it is limited (1) – because it only shows information for four years (1) CQ staff will be unsure as to exactly what it includes (1) – because it refers to ‘major household appliances’ (1) – which probably includes (e.g.) TVs and other irrelevant products (1) 	4 x 1 useful 4 x 1 limitations or not useful	AO3 AO4	5.4.2
		8 marks		

Q	Answer	Mark	AO	Topic
4	<p>Decision tree analysis is helpful because: e.g.</p> <ul style="list-style-type: none"> • it encourages the partners to identify alternatives (1) – and to quantify them (1) – e.g. which plot of land to use/applying different showroom layouts/sizes (1) • it encourages the partners to adopt a logical approach (1) – which means risks of (e.g.) building on the wrong site are likely to be reduced (1) • but there is a danger that CQ staff will ignore non-numerical factors (1) – e.g. any legal constraints on building the new showroom (1) <p>CPA is helpful because: e.g.</p> <ul style="list-style-type: none"> • it sets out all the activities for building the new showroom (1) – and identifies the order in which these activities need to be undertaken (1) • it prioritises the building activities that can only take place once others have been completed (1) – and highlights activities that can be undertaken simultaneously (1) – which will reduce the overall time CQ takes to build the showroom (1) • it helps CQ staff plan resources (1) – showing when they will be needed (1) – e.g. when to hire digging equipment for the showroom’s foundations (1) • but in itself it will not guarantee that CQ will complete the showroom on time (1) – e.g. because of unexpected delays due to factors such as bad weather (1) 	<p>4 x 1 how it helps in context</p> <p>(2m maximum if no context)</p> <p>4 x 1 how it helps in context</p> <p>(2m maximum if no context)</p>	AO2	5.4.4
		8 marks		

Q	Answer	Mark	AO	Topic
5	<p>Network diagram steps: e.g.</p> <ul style="list-style-type: none"> • identify activities (1) • estimate the time taken from activity start to completion (1) • number nodes for identification/to show EST of the activity and LFT for the preceding activity (1) • construct the various paths (1) • identify the critical path (1) • calculate the total time along the critical path (1) • calculate the floats for other branches in the network (to indicate spare time/flexibility) (1) 	<p>4 x 1 steps</p> <p>3 marks max if steps are not in a logical order</p>	AO1	5.4.4
		4 marks		
6	<p>Comparison: e.g.</p> <ul style="list-style-type: none"> • both show a sequence of activities (1) –where one cannot start until another one finishes (1) – and both can show non-dependent (parallel) activities (1) <p>Advantages of using CPA for this: e.g.</p> <ul style="list-style-type: none"> • CQ must tasks formally identify tasks having to be completed on time (1) - and also ones that it can delay for a while (1) • the minimum time needed to build this showroom is clearly identified (1) – making (cost) control easier (1) <p>Advantages of using Gantt for this: e.g.</p> <ul style="list-style-type: none"> • the relation of tasks to time is more obvious with Gantt (1) – which makes these charts easier to follow for CQ staff who are not experts (1) <p>Recommendation with explanation/ reference to points made in answer (1) + (1)</p>	<p>2 x 1 comparison</p> <p>2 x 1 CPA advantages</p> <p>2 x 1 Gantt advantages</p> <p>2 x 1 recommendation</p>	AO3 AO2 AO2 AO4	5.4.4
		8 marks		

SECTION D

Levels of response and QWC for Q6

Level 3 6 - 8 marks

Candidates will have demonstrated a thorough knowledge of critical path analysis and Gantt charts, 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 4 - 5 marks

Candidates will have demonstrated a good knowledge of critical path analysis and Gantt charts, 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 - 3 marks

Candidates will have demonstrated some knowledge of critical path analysis and/or Gantt charts. There will be limited or 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.



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