



GCSE MARKING SCHEME

APPLIED BUSINESS

JANUARY 2013

INTRODUCTION

The marking schemes which follow were those used by WJEC for the January 2013 examination in GCSE 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.

GCSE APPLIED BUSINESS – UNIT 2

MARK SCHEME – JANUARY 2013

- Q.1** (a) Delivery note
Receipt
Purchase order
Statement of account
Remittance advice
Credit note

1 mark for each correct answer

Total of 6 marks

- (b) To ensure the goods being ordered are those needed by the business.
To ensure that quantities and reference numbers are correct so that the correct goods are delivered.
To prevent fraud.
Any other valid answer(s)

1 mark for each correct answer

Total of 2 marks

- (c)

Jewels Ltd
Treforest Industrial Estate
Cardiff
CF54 3YQ

Delivery Note	No. DN4541	
To: Gems Queen Street Swansea SA3 4FH		
Your Order No: 9310		Delivery Date: 14 12 2012
Quantity	Ref No.	Description
10 boxes	LSS4005	Assorted Beads 30 mm
5 Boxes	LSS4005	Large Silver Settings

1 mark for each correct answer

Total of 6 marks

- (d) Quantity 2
Ref. No. AB30
Unit Price £30.00
Total Price £60.00
Goods Total £60.00
VAT £12.00
Total Credit £72.00

1 mark for each correct answer **OFR**

Total of 7 marks

(e) **Definition**
Money off for business in the same trade (1)

Explanation

Encourages repeat business (1)

For bulk buys (1)

Encourage new custom (1)

Total of 3 marks

(f) **Debit Card**

- Can only use money that have in bank account, therefore, cannot overspend.
- The transaction is completed in a short time.
- Safer than using cash and cheques as there is no need to post.
- Readily accepted by most businesses.
- Any other valid point.

Credit Card

- Possible to pay even if have no funds available / allows cost to be spread.
- Deferred payment means goods can be bought immediately which they might not otherwise have been able to afford when paying by an alternative method.
- Payments can be reclaimed if supplier defaults on supply of goods.

1 mark for each point 1+1 for development.

Total of 4 marks

- (g)
- To let the supplier know which invoices it is paying for.
 - So that the supplier will know who the payment is from.
 - For the business' own record of invoices that have been paid.

1 mark for each correct answer or for development.

Total of 2 marks

(h) **Advantages**

- Produced quicker because calculations will be performed automatically.
- Documents will look more professional making a better impression on customers.
- Documents can easily be duplicated without having to re-write.
- Any valid point.

1+1 for development

Disadvantages

- Costly training might be needed for staff because billing errors could result in lost customers.
- The required software and hardware is expensive for a small business.
- Viruses could result in lost data which is problematic for the business and its customers.
- Any valid point.

1+1 for development

Maximum 4 marks for advantages or disadvantages only.

Total of 6 marks

- Q.2** (a) (i) Fixed Assets – owned by business for over a year (1)
(ii) e.g. machinery, buildings, or other valid example (1)
(iii) Current Assets – owned by business for less than a year (1)
(iv) e.g. stock (1)

Total of 4 marks

- (b) (i) Debtors are people/businesses that owe money to Gigabytes (1)
e.g. customers (1)
(ii) Creditors are business/people Gigabytes owes money to (1) e.g. trade
creditors (1)

Total of 4 marks

(c)

<i>Sugar and Spice</i>				
Balance Sheet as at 31 March 2010 and 31 March 2011				
Item	2011 £		2012 £	
<u>Fixed Assets</u>				
Equipment		3 500		4 500
<u>Current Assets</u>				
Stock	2 000		3 200	
Debtors	900		1 000	
Bank	200		300	
	3 100		4 500	
<u>Current Liabilities</u>				
Creditors	800		700	
Bank Overdraft	0		0	
	800		700	
Net Current Assets		2 300		3 800
Total Net Assets		5 800		8 300
<u>Financed by:</u>				
Opening Capital		5 000		5 800
Net Profit		10 000		12 500
		15 000		18 300
Drawings		9 200		10 000
Closing Capital		5 800		8 300

1 mark for each correct shaded area.

Total of 8 marks

(d) (i) 2011

$$\text{ROCE} = \frac{10\,000}{500} \times 100 (1) = 200\% (1)$$

2012

$$\text{ROCE} = \frac{12\,500}{5\,800} \times 100 (1) = 215.52\% (1)$$

Total of 4 marks

(ii) Sam, the owner. The lender, the bank.

Total of 1 mark

(e) Current Ratio 2011 $\frac{3\,100}{800} (1) = 3.875 : 1 (1)$
 (3.88 or 3.87)

Acid Test Ratio 2012 $\frac{4\,500 - 3\,200}{700} (1) = 1.86 : 1 (1)$

2 marks awarded for correct answers only

Total of 4 marks

(f) ROCE – excellent return – better than elsewhere (1) increased even further in second year (1)

Current Ratio – above average and improves in second year (1) should look to invest, as too much money in business (1)

Acid Test Ratio – still above average and improves in second year (1) has no trouble paying debts even when stock is not included as assets (1)

Gigabytes should go ahead with its proposed expansion. The business gives Sam an excellent return on his investment. Gigabytes has no trouble paying its debts and has too much money in the business or any relevant explanation (2)

Level 1	0-2 marks	Candidate demonstrates some understanding of the purpose of ratio analysis or lists some relevant point. Quality of written communication barely adequate to convey meaning. Candidate demonstrating no understanding, awarded zero marks.
Level 2	3-5 marks	Candidate explains some aspects of ratio analysis and attempts some evaluation. The style of writing is appropriate to purpose and the quality of written communication mainly accurate. Some business terms will be used.
Level 3	6-8 marks	Candidate fully evaluates the usefulness of ratio analysis in making business decisions. Clearly expressed with highly accurate quality of written communication. Work is organised and specialist terms are used.

Total of 8 marks (OFR)

Q.3 (a) (i) A budget is a financial plan (1) prepared and approved for a defined period of time (1)

Total of 2 marks

- (ii)
- It will set a limit on spending which must be adhered to.
 - It will help John and Joe prioritise their spending.
 - It will help them plan ahead and make sound business decisions.
 - At the end of the year John and Joe can compare their actual spending/revenue against their planned budget and identify areas that may need to be looked at.

1 mark for each advantage

Total of 3 marks

(b)

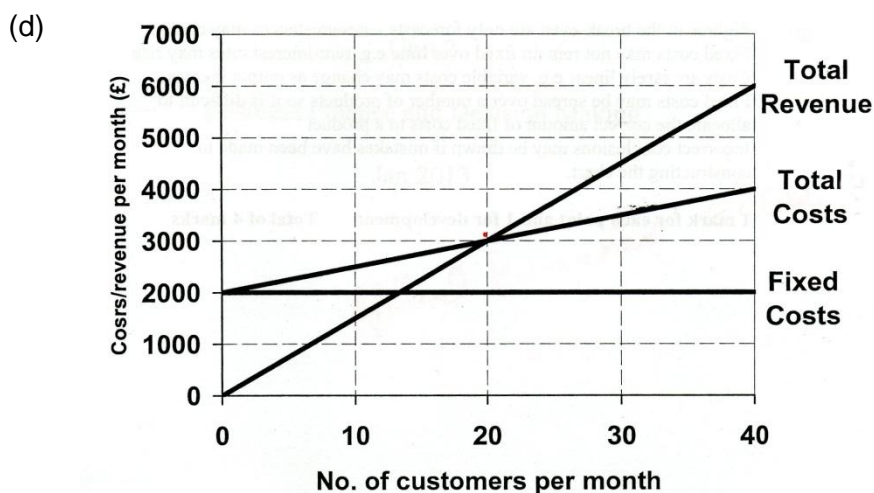
Fixed Costs	Variable Costs
Rent	Holiday brochures
Insurance	
Rates	
Advertising	
Heating and lighting	Heating and lighting

1 mark for each correct answer

Total of 6 marks

(c)

Customers per month	Fixed Costs (£)	Variable Costs (£)	Total Costs (£)	Total Revenue (£)
0	2 000	0	2 000	0
10	2 000	500	2 500	1 500
20	2 000	1 000	3 000	3 000
30	2 000	1 500	3 500	4 500
40	2 000	2 000	4 000	6 000



1 mark for each correct revenue / cost line

1 mark for each correct revenue / cost line label

Total of 6 marks

- (e) (i) 20 customers (1)
(ii) 3 000/20 customers (labelled on graph) (1)
(iii) £1 000 (1) profit (1) **Total of 4 marks**

- (f) (i) **Course of Action**
• Increase prices (1)
• Source cheaper suppliers/lower costs (1)
• Advertise more (1)
Any valid reason **Total of 1 mark**

- (ii) **Assessment**
• Sales could fall/increased revenue.
• Quality of product could deteriorate/falling costs.
• Increase costs which might not be offset by increased sales/increased sales/attract more customers.
Any valid explanation
1+1 for development **Total of 2 marks**

- (g) Figures in the break-even are only forecasts – circumstances may change. Fixed costs may not remain fixed over time, e.g. rent/interest rates may rise. Costs are rarely linear, e.g. variable costs may change as output increases. Fixed costs may be spread over a number of products so it is difficult to allocate the correct amount of fixed costs to a product.

Incorrect conclusions may be drawn if mistakes have been made in constructing the chart.

1 mark for each point and 1 mark for development. Total of 4 marks



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