



GCSE MARKING SCHEME

APPLIED BUSINESS

JANUARY 2014

INTRODUCTION

The marking schemes which follow were those used by WJEC for the January 2014 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

UNIT 2 - Business Finance and Decision Making

Mark Scheme - January 2014

Q.1 (a)

Connections
The High Street
Pontypool
NP20 7CD

Tel: (0495) 297415
Fax: (0495) 297416

PURCHASE ORDER

To:

The Communications s Warehouse
Sandbanks Industrial Estate
Ebbw Vale
NP23 4YQ

Order No: 4397

Date: 04-01-2014

Quantity	Description	Item Ref:	Unit Price £
30	CP4 Phones	CP4921	40.00
20	EP7 Phones	EP7982	50.00

Authorised: *J. Williams*

Delivery: 10-01-2014

Vat Registration Number: 98947210

1 mark for BOTH Addresses
1 mark for invoice date
1 mark for EACH of order details
1 mark for delivery date

Total of 5 marks

- (b) It has to be signed so that the buyer has a name to whom reference can be made should there be a problem **(1)** it indicates authorisation of the order **(1)** and to confirm the order details **(1)**.
Any **two** valid reasons **Total of 2 marks**

- (c) (i) Goods Received Note **(1)**
(ii) So that the buyer also has its own record of deliveries should there be a problem in the future **(1)** **Total of 2 marks**

- (d) (i) Error 1 Incorrect address **(1)**
Correction Connection
The High Street
Pontypool
NP20 7CD **(1)**
Error 2 Incorrect unit price **(1)**
Correction £40.00 **(1)**
Error 3 Incorrect VAT figure **(1)**
Correction £450.00 or £396.00 **(1)** **Total of 6 marks**

- (ii) Consequence of error 1:
he invoice will be sent to the wrong address **(1)** and The
Communication Warehouse might not be paid for its goods **(1)**

Consequence of error 2:
The customer will have been overcharged **(1)** and the customer might
choose to find another supplier **(1)**

Consequence of error 3:
Too little VAT would have been paid to Customs & Excise **(1)** which
might lead to penalties or fines being charged to the business **(1)**

Any valid explanations **Total of 6 marks**

- (e) The business can correct any errors at a later date **(1)** without any
come-back **(1)** **Total of 2 marks**

- (f) (i) The Communication Warehouse **(1)**
(ii) Proof of purchase **(1)** **Total of 2 marks**

- (g) **Direct Debit.**
- Automatic payment, so less likely to forget to pay and incur late payment penalties.
 - Once set up, administrative costs are lower.
 - Any valid point

Credit Card

- Possible to pay even if no funds available / allows cost to be spread.
- Deferred payment means can buy immediately goods might not otherwise have been able to afford when paying by an alternative method.
- Any valid point

1 mark for any valid method
1 mark for development of point **Total of 4 marks**

(h)

Advantages

- Produced quicker because calculations will be performed automatically and fewer mistakes are likely to be made.
- Documents will look more professional, making a better impression on customers.
- Documents can easily be duplicated without having to rewrite.
- Documents can easily be duplicated without having to re-write.
- Any valid point.

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.

Level 1 0-2 marks	Candidate demonstrates a basic understanding of producing documents on computers (1 advantage & 1 disadvantage).
Level 2 3-4 marks	Candidate demonstrates a more detailed understanding of producing documents on a computer and there is some attempt at evaluation.
Level 3 5-6 marks	Candidate demonstrates a full knowledge of producing documents on a computer and fully evaluates.

Total of 6 marks

Q.2 (a) $GP\% = \frac{50\,000}{85\,000} \times 100$ (1) = 58.82% (1)

$NP\% = \frac{28\,000}{88\,000} \times 100$ (1) = 31.81% (1)

Total of 4 marks

- (b) (i) Sales have fallen (1)
Costs of Sales have risen (1)
- (ii) Gross profit has fallen (1)
Expenses have risen (1)
OFR

Total of 4 marks

(c)

Fixed Asset	Current Assets	Liability
Fixtures & Fittings	Debtors	Creditors

Total of 3 marks

(d)

The Wrap				
Balance Sheet as at 31 December 2012 and 31 December 2013				
Item	2012		2013	
	£		£	
<u>Fixed Assets</u>				
Fixtures & Fittings		25 000		24 500
<u>Current Assets</u>				
Stock	5 000		5 500	
Debtors	4 000		3 000	
Bank	1 000		500	
	10 000		9 000	
<u>Current Liabilities</u>				
Creditors	1 000		1 200	
Bank Overdraft	0		0	
	1 000		1 200	
Net Current Assets		9 000		7 800
Total Net Assets		34 000		32 300
<u>Financed by:</u>				
Opening Capital		30 000		34 000
Net Profit		28 000		21 500
		58 000		55 500
Drawings		24 000		23 200
Closing Capital		34 000		32 300

1 mark for each correct answer

Total of 8 marks

(e) $ROCE = \frac{28\,000}{30\,000} \times 100$ (1) = 83.33% (1)

Total of 2 marks

(f) Debtor Collection Period 2012 = $\frac{4\,000}{33\,000} \times 365$ (1) = 44.24 days (1)

Creditor Payment Period 2013 = $\frac{1\,200}{35\,000} \times 365$ (1) = 12.52 days (1)

Total of 4 marks

- (g) The return on the investment made by James and Alison has fallen from 93% to 65% (1) However, this is still an excellent return and is a great deal more than could currently be obtained elsewhere (1)

The Debtor Collection Period has fallen from 44 days to 23 days (1) which means that the business gets its money in from debtors faster (1) so improving its cash flow (1)

Creditor Payment Period has increased slightly from 11 to 12 days (1) this means that the business has more time to pay bills (1) but the difference is only a day and so should not cause problems with suppliers (1)

Reasoned recommendation to James and Alison (1)
OFR

Total of 9 marks

Q.3 (a)

Fixed Costs	Variable Costs
Salary	Flowers
Rent	Fuel
Insurance	Wages

Total of 6 marks

(b) (i) Budget is a financial plan **(1)** prepared and approved for a defined period of time **(1)** **Total of 2 marks**

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

1 mark for each advantage + 1 for development Total of 4 marks

(c) (i) £1 000.00 **(1)**
£10.00 minus £6.00 **(1)**

Total of 2 marks

(ii) 250 bouquets **Total of 1 mark**

(d)

Bouquets per month	Fixed Costs (£)	Variable Costs (£)	Total Costs (£)	Total Revenue (£)
0	1 000	0	1 000	0
50	1 000	300	1 300	500
100	1 000	600	1 600	1 000
150	1 000	900	2 200	1 500
200	1 000	1 200	2 600	2 000
250	1 000	1 500	2 500	2 500
300	1 000	1 800	2 800	3 000

Total of 4 marks

- (e) (i) Increase in variable costs.(1)
Break even point will rise.(1)
Total cost will rise. (1)

Total of 2 marks

- (ii) Increase prices (1)
Source cheaper suppliers/rent (1)
Advertise more (1)
Any other valid reason

Total of 2 marks

- (iii) Sales could fall (1)
Quality of the flowers might not be as good (1)
This would increase costs which might not be offset by increased sales (1).
Any other valid explanation.

Total of 2 marks

- (f) **Advantages**
- Calculations can be performed easily and more accurately using formulae.
 - The impact of changes in costs on break-even point can be seen easily without re-drafting the whole chart.
 - 'What if' scenarios can be made.
 - Graphs can be produced which are easy to read.
- Disadvantages**
- Initial setting-up time is consuming.
 - Hardware and software is expensive for a small business which is just starting up.
 - The input could be inaccurate, resulting in misleading figures.
 - Viruses could result in data being lost.

<p>Level 1 0-2 marks</p>	<p>Candidate demonstrates some understanding of the purpose of a spread sheet or lists some relevant point. QWC barely adequate to convey meaning. Candidates demonstrating no understanding awarded zero marks.</p>
<p>Level 2 3-4 marks</p>	<p>Candidate explains some advantages and disadvantages of spread sheets and attempts some evaluation. The style of writing is appropriate to purpose and QWC mainly accurate. Some business terms will be used.</p>
<p>Level 3 5-6 marks</p>	<p>Candidate fully evaluates the usefulness of spread sheets in the preparation of break-even charts. Clearly expressed with highly accurate QWC. Work is organised and specialist terms are used.</p>

Total of 6 marks



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