



GCSE MARKING SCHEME

SUMMER 2016

**APPLIED BUSINESS - UNIT 2
4702/01**

INTRODUCTION

This marking scheme was used by WJEC for the 2016 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was 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 conference was to ensure that the marking scheme was 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' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

General Marking Policy

The mark scheme should be used **positively**, i.e. students should be rewarded for what they know and can do. Examiners should **not** start by awarding full marks and then deducting one for each wrong answer.

If examiners are unsure as to whether they should award a mark or not they should give the candidate the benefit of the doubt.

In some of the more open questions there is often no **single** correct answer. The mark scheme gives some idea of anticipated answers but candidates should **not** be penalised if they have come up with a plausible answer which the chief examiner has not anticipated.

The mark scheme has been prepared in such a way as to **reward** candidates wherever possible for their knowledge and ability, however, cases may arise where a candidate has given a good answer and the mark scheme does not seem to cater for what he/she has written. As a result, the examiner may feel that if they were to apply the mark scheme rigidly they would be unable to reward the candidate's efforts. In such **exceptional** cases the examiner may use his/her discretion in order to reward the candidate.

If an examiner is in any doubt as to the application of the mark scheme the chief examiner should be contacted immediately. It is far better to clear up any problems straight away rather than leave them to the subsequent checking processes.

Marking Instructions - General Notes

1. Mark all scripts in red ink. Only work marked in red is acceptable on the final submission of a script. Prior to the examiners conference, examiners may mark scripts in pencil, but after the conference the pencil must be changed to red with any necessary amendments made.
2. Place the marks for **each** answer in the 'Examiners Column' opposite the appropriate question. The **total mark** for each question should be placed in a circle at the end of the question and then placed in the grid on the front cover.
3. All questions must show evidence of having been marked even if irrelevant.
4. A record must be kept of the marks that form the initial batch of scripts sent to the Chief Examiner/Team Leader.

GCSE APPLIED BUSINESS
SUMMER 2015 MARK SCHEME

- 1 (a) The Treasure Trove
The Sea Parade
Rhyl
LL18 1AR (1)
- Thomas and Jones Wholesalers
Hill Street
Prestatyn
LL19 0AA (1)
- 10-04-2016 (1)
- 150 Welsh mugs Item Ref. No. WM2239 £1.50 (1)
200 tea towels Item Ref. No. TT7740 £3.00 (1)
- 15-04-2016 (1)

Total of 6 marks

- (b) (i) The goods ordered would be delivered to the wrong address (1)
resulting in a delay in receiving the goods (1)

Total of 2 marks

- (ii) The incorrect products would be delivered (1) and the wrong number (1)

Total of 2 marks

- (c) (i) A Delivery Note (1)
- (ii) Signed to show contents have been delivered and accepted (1) and
checked by *The Treasure Trove* (1)

Total of 3 marks

- (d) (i) A sales Invoice shows the VAT for the order so it can be passed on to
the HMRC (1) and the total amount owing for that order. (1)
- (ii) A Statement of Account shows the activity in the account over the month
(1) and the balance to pay at the end of the month. (1)

Total of 4 marks

- (iii) Both are required so that both businesses can complete their VAT
returns correctly each month (1) and so that all transactions that have
occurred are listed and can be checked (1) can be used to prepare
financial statements (1) **Any 2 valid points**

Total of 2 marks

- (e) Errors and Omissions Excepted (1) So that any errors can be corrected at a later date without any come back (1)

Total of 2 marks

- (f) Cheque

- Large amounts can be paid
- It can only be cashed by Thomas and Jones Wholesalers

But

- Money needs to be held in the bank account to cover the cheque where it may not receive
- The bank charges business customers for each cheque they use

Debit Card

- Can only use money that have in bank account, therefore cannot overspend without knowing.
- The transaction is completed in a short time with the money taken instantly from the bank account allowing The Treasure Trove to know how much is available in its account.
- Safer than using cash and cheques as there is no need to post.
- Readily accepted by most businesses

But

- Need money in the account for the transaction to go through

Credit card

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

But

- Interest can accrue if the borrowed amount is not paid back at the end of the month

Any valid point.

Must have an advantage and a disadvantages for each method of payment.
Mark only given if answer in correct context – Treasure Trove making a payment.

2 marks for each method of payment and 1 mark for the appropriate advice

Total of 7 marks

- (g) Thomas and Jones Wholesalers (1) It is a proof that The Treasure Trove has paid for its goods (1) kept as a record of completed transaction (1)

Total of 3 marks

2 (a)

<i>The Green Tomato</i> Profit and Loss Account for the Years Ending 31 March 2015 and 31 March 2016				
Item	2015 £		2016 £	
Total Sales		70 500		78500
Costs of Sales		25 000		26 000
Gross Profit		45 500		52 500
Less Expenses				
Rent and Rates	5 000		5 100	
Wages	30 000		32 000	
Insurance	4 500		4 700	
Electricity	1 450		1 500	
Advertising	1 800		1 200	
Total Expenses		42 750		44 500
Net Profit		2750		8 000

1 mark for each correct shaded area

Total of 5 marks

(b) Gross Profit = The difference between sales revenue and the cost of making a product or producing a service./Sales minus Costs of Sales/Direct Costs
(1) It is the Trading Profit/Profit before expenses are deducted (1)

Net Profit = Gross Profit minus Expenses (1) the profit or loss made by a business after all costs have been accounted for. It is the final profit of the business. (1)

2+2 for development

Total of 4 marks

(c) $GPP = \frac{45\,500}{70\,500} \times 100$ (1) = 64.54% (1)
 $NPP = \frac{2\,750}{70\,500} \times 100$ (1) = 3.90% (1)

2 marks for each correct answer; 1 mark only for correct method.

Has to be shown as a percentage.

Total of 4 marks

- (d) (i) The Gross Profit Percentage has changed because sales have risen (1) more than the Costs of Sales (1)
- (ii) The Net Profit Percentage has changed because sales have increased (1) and, although the costs of sales and expenses have also increased, they have done so at a slower rate. (1)

Total of 4 marks

(e)

<i>The Green Tomato</i> Balance Sheet as at 31 March 2015 and 31 March 2016				
Item	2015 £		2016 £	
<u>Fixed Assets</u>				
Fixtures and Fittings		16 250		16 250
<u>Current Assets</u>				
Stock	7 000		7 500	
Debtors	1 000		1 500	
Bank	700		1 500	
	8 700		10 500	
<u>Current Liabilities</u>				
Creditors	2 000		2 300	
Bank Overdraft	500		0	
	2 500		2 300	
Net Current Assets		6 200		8 200
Total Net Assets		22 450		24 450
<u>Financed by:</u>				
Opening Capital		30 000		22 450
Net Profit		2 750		8 000
		32 750		30 450
Drawings		10 300		6 000
Closing Capital		22 450		24 450

1 mark for each correct shaded area

Total of 6 marks

(f) (i) $ROCE = \frac{8\,000}{22\,450} \times 100$ (1) = 35.63% (1)
(ORF)

Must be shown as a percentage

Total of 2 marks

(ii) The bank/customer/suppliers

Total of 1 mark

- (g) GPP has increased/improved marginally (1) showing that costs of sales are being controlled (1)
 NPP has improved/increased by more than double the percentage (1) showing that Allison is keeping a tight reign on her expenses (1)
 ROCE – a good return in the first year, better than elsewhere (1) a large increase in the second year, giving a very impressive return for Allison on the capital she has invested in The Green Tomato.(1)
 Sales have increased (1) and Allison's profits have risen. (1)
 Her closing capital is once more increasing in the second year after falling in the first year. (1)
 Allison should go ahead with her proposed investment as her sales and profits are growing and she is making an excellent return on her investment. (1)

Level 1	0-3	Candidate demonstrates some understanding of the purpose of ratio analysis or lists some relevant point. QWC barely adequate to convey meaning. Candidates demonstrating no understanding awarded zero marks.
Level 2	4-7	Candidate explains some aspects of ratio analysis and attempts some evaluation. The style of writing is appropriate to purpose and QWC mainly accurate. Some business terms will be used.
Level 3	7-9	Candidate fully evaluates the usefulness of ratio analysis in making business decisions. Clearly expressed with highly accurate QWC. Work is organised and specialist terms are used

OFR

Total of 9 marks

3 (a) (i) Total Cost = All the costs of the business (1) Fixed plus variable costs (1)

(ii) Total Revenue = All income received by the business (1) Numbers sold X price (1)

Total of 4 marks

(b) (i) $\frac{£1\,000}{£11.50 \text{ minus } 1.50}$ (1) (1)

Total of 2 marks

(ii) 100 clients (1)

Total of 1 mark

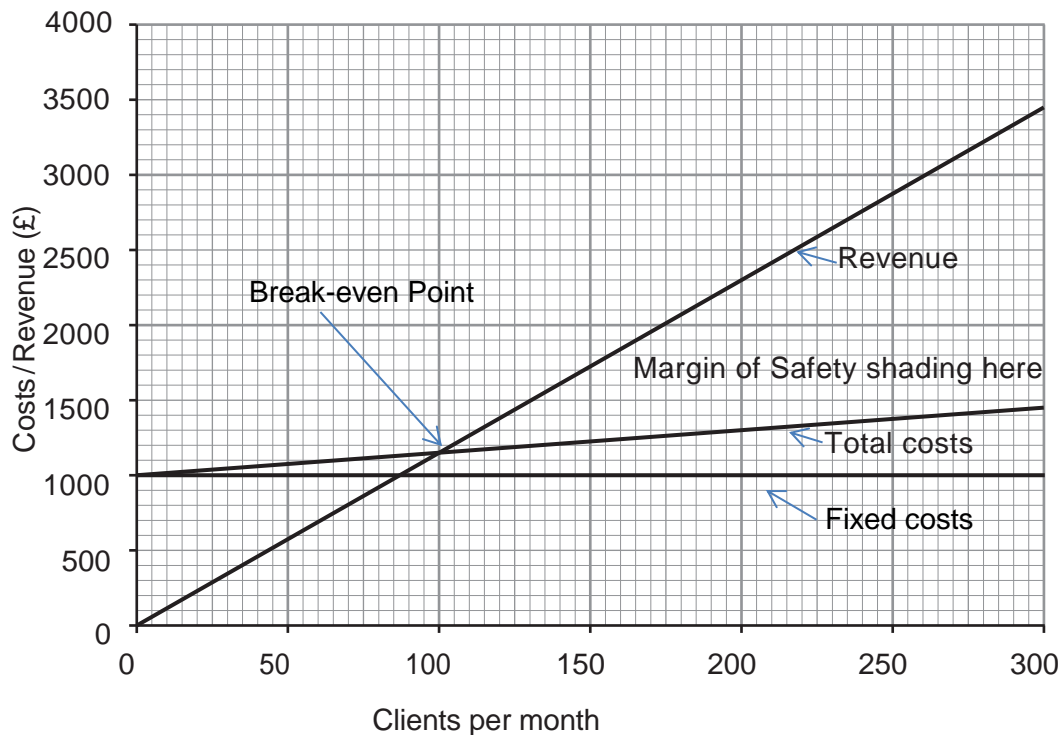
(c)

Clients per month Total of 4 marks	Fixed Costs (£)	Variable Costs (£)	Total Costs (£)	Total Revenue (£)
0	1 000	0	1 000	0
50	1 000	75	1 075	575
100	1 000	150	1 150	1 150
150	1 000	225	1 225	1 725
200	1 000	300	1 300	2 300
250	1 000	375	1 375	2 875

1 mark for each correct answer

Total of 4 marks

(d)



Total of 5 marks

- (e) (i) £500 (1) loss (1)
(ii) £1500/150 clients (1)

Total of 3 marks

- (f) (i) Alex's Total Cost line will increase because her variable costs have risen. (1)

The break-even point will have increased (1)

Total of 2 marks

- (ii) Increase prices (1)
Advertise more (1)
Buy a more fuel efficient vehicle (1)
Any valid reason

Total of 2 marks

- (iii) Greater revenue (1) but Sales could fall as clients seek cheaper providers (1)
Although the fuel might cost less the quality might not be as good (1)
making the vehicle less reliable and possible loss of sales (1)
Sales might increase (1) but costs would also increase which might not be offset by increased sales (1)
Falling fuel costs (1) but would have to be sizeable falls to recoup the cost of the vehicle (1)

Any 2. 1+1 for assessment

1 mark for justified advice

Total of 4 marks

(g) 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 by Alex without redrafting the whole chart
- Alex can undertake What if scenarios to help her decide
- Graphs can be produced which are easy to read

Disadvantages

- Initial setting up is time consuming
- Hardware and software is expensive for a small business such as Alex's which is just starting up
- The input could be inaccurate resulting in misleading figures
- Viruses could result in data being lost

Maximum of 4 advantages/disadvantages

Total of 6 marks