



GCSE EXAMINERS' REPORTS

APPLIED BUSINESS

JANUARY 2015

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APPLIED BUSINESS

General Certificate of Secondary Education

January 2015

BUSINESS FINANCE AND DECISION MAKING I

Principal Examiner: Beryl Rees

General Comments

The examination for unit 2 of the GCSE Applied Business award is now very well established. It is very apparent that centres have made good use of past papers, ensuring that the majority of candidates are well-prepared. This was particularly evident in questions that required financial documents and accounts to be completed using given information.

It was also apparent that candidates have moved away from mechanistic responses and related their responses to the questions asked and the associated scenarios. The cohort was also more aware of the use businesses make of ratio analysis and the purpose of different transaction documents.

Some Welsh-medium candidates lost marks because they did not know the correct names for documents.

The standard of response was good with nearly all candidates able to attempt answers to all questions.

- Q.1**
- (a) This question, regarding methods of payment used by a business, was one of the most poorly answered of the paper. Some candidates were unsure which would be the best method to use in certain situations, even more were unable to note a relevant advantage and disadvantage for the methods of payment they had chosen. Answers were often too vague and could have been relevant to any method of payment. Frequently, candidate responses were in the wrong context. The question asked for advantages and disadvantages from the point of view of the buyer, Jam Pot.
 - (b) Most candidates scored full marks for completing the Purchase Order. Yet again, some candidates had problems working out the delivery date and some gave the total price not price per unit. A small number of candidates mixed up the addresses or did not give the name of the businesses.
 - (c) A significant number of candidates scored only the one mark for explaining why the Purchase Order had to be signed, giving only one of the reasons noted in the Mark Scheme.
 - (d) The majority of candidates did not find this question particularly challenging and were able to identify the document and state who completed it. However, a significant number of Welsh-medium candidates had problems with terminology and were unable to give the correct title for the document, many making up a name.

- (e) This question was better answered than questions on the same topic in previous examination series. Most candidates were able to identify one error and a significant proportion two errors. Some candidates mention incorrect dates and VAT Registration numbers, having incorrectly compared the Invoice with the Purchase Order. Consequences of the errors were well explained but candidates must note that an incorrect Invoice address does not mean that the goods ordered were delivered to the wrong address.
- (f) The purpose of the term E&EO was clear to the majority of candidates. However, a significant number had problems writing out the abbreviation in full. "Errors" was correctly identified but a variety of names and spellings were given for "omissions" and "excepted".
- (g) The responses to this question regarding the use of ICT in the completion of business documents has improved when compared to questions on the same topic in previous examination series. Candidates are still forfeiting marks because they do not answer the question as set. The question asked for an explanation of three advantages, but many gave a list of five or six and some gave disadvantages. Some candidates gave advantages that were irrelevant for systems concerned with transaction documents and many ignored the fact that the question asked for advantages in helping avoid errors in documents.

Q.2

- (a) A surprising number of candidates were unable to give the correct definition of Fixed and Current Assets. Candidates must mention ownership and the time owned for full marks.
- (b) Candidates frequently mixed up the meaning of the terms Debtors and Creditors. Some were also unable to give an example of each term.
- (c) Virtually all candidates were able to successfully complete the first part of the Balance Sheet. Problems arose for many, however, in the Financed By section. Some were unable to identify the Opening Balance for 2013 and others did not seem to realise that one year's Closing Balance becomes the next year's Opening Balance nor that the Closing Balance is always equal to the Total Net Assets.
- (d) Calculating ratios was addressed better than past examination series. Current and Acid Test Ratios still, however, catch some candidates out. The Acid Test Ratio was particularly problematic for some candidates. Candidates must be made aware that, as ratios, these are always to one (:1) and that they need to show this. It is also essential that they show their workings as some missed out on marks by not doing so. The Own Figure Rule was used for this question.
- (e) The calculation of the Debtor Collection and Credit Payment Periods were very well done. Candidates must remember to note that their answer is in days.
- (f) Responses to this question were an improvement on responses to similar types of questions from previous examination series. Candidates were required to comment whether the ratios have improved or worsened from one year to the next and explain the impact of that change on the business. They must draw an overall conclusion and explain why they have come to that conclusion.

- Q.3**
- (a) Candidates responded well to this question on why businesses should draw up budgets and many were able to provide a sound explanation. Some candidates, however, simply listed a number of advantages with no attempt at an explanation.
 - (b) Only a very small number of candidates failed to score full marks for this question. The main error noted was stating that the payment of part-time workers was a Fixed Cost.
 - (c) This question proved quite straight forward for candidates. Where problems occurred, they tended to relate to the calculation of the total revenue.
 - (d) Candidates performed well in this question. Candidates must, however, be encouraged to plot the cost and revenue line on the chart and not to draw in the lines approximately where they think they should go. Some candidates lost marks because of their inaccurate plotting of the lines. This also caused problems when it came to identifying the break-even point and in calculating the number of customers required to break even. Some candidates also lost marks by not labelling their lines.
 - (e) Most candidates were able to identify the break-even point on the chart and to state the number of customers required to break even. A significant number did not score the full two marks for stating the amount of profit and/or loss made. Nearly all correctly noted that a loss had been made, but that it was £1500 not £1000, (the correct answer). Candidates who had not plotted their cost and revenue lines (see (d)) also tended to provide the incorrect response to this question.
 - (f) Candidates answered this question well. Most gave a relevant course of action, although candidates should have ensured that it was relevant to the scenario, and that they were able to explain, with varying degrees of detail, the effect of their suggested course of action. Some candidates mixed up the terms cost and price.
 - (g) Many candidates do not fully understand that the Break Even Chart is used by businesses as a planning tool. Consequently, few candidates gained full marks for this question. Responses were often repetitive and, although both advantages and disadvantages are required for an evaluation, only a small number of candidates offered both.



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