

# Mark Scheme (Results)

Summer 2012

PL Business, Admin & Finance  
(BA304)  
Paper 01

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## General marking guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, ie if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question number	Answer	Mark
<b>1</b>	D	<b>(1)</b>

Question number	Answer	Mark
<b>2</b>	B	<b>(1)</b>

Question number	Answer	Mark
<b>3</b>	A	<b>(1)</b>

Question number	Answer	Mark
<b>4</b>	C	<b>(1)</b>

Question number	Answer	Mark
<b>5</b>	B	<b>(1)</b>

Question number	Answer	Mark
<b>6</b>	$\text{£}18500 / 1.2 = \text{£}15,416.67$	<b>(2)</b>

Question number	Answer	Mark
<b>7(a)</b>	Fixed cost / contribution per unit OR Fixed cost / (unit selling price – unit variable cost)	<b>(1)</b>

Question number	Answer	Mark
<b>7(b)</b>	Break-even is a forecast/prediction (1) therefore does not use actual figures (1) based on all costs and prices remaining the same (1) and doesn't take into account economies of scale (1) and prices/costs might vary over time (1) which makes it very unrealistic (1). Break-even assumes that all bookcases will be sold (1) and can only show one scenario per break-even chart (1) which can be very time-consuming (1).	<b>(4)</b>

Question number	Indicative Content	
<b>8</b>	The role of the accountant is to record financial information by collecting information from a number of trading documents. The cashier would be responsible for the cash book and checking its accuracy. The accountant would then have to report his findings in the correct format, so he is able to communicate this to the directors. The accounts would need to be produced to meet legal requirements and to allow the business to obtain business finance. The financial accountant would deal with past transactions, whereas the management accountant would be responsible for the future and forecasting	
Level	Mark	Descriptor
	<b>0</b>	No rewardable material
<b>1</b>	<b>1-3</b>	Basic description of the role of the accountant in preparing accounts.
<b>2</b>	<b>4-6</b>	Developed description of the role, with examples.
<b>3</b>	<b>7-8</b>	Full examination of the role, which is accurate using examples in context.

Question number	Answer	Mark																																																
<b>9</b>	<table border="1"> <tbody> <tr> <td>Sales</td> <td></td> <td>250,000</td> <td>(1)</td> </tr> <tr> <td>Cost of Sales</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Opening Inventories (Stock)</td> <td>12,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td>195,000</td> <td></td> <td>(1)</td> </tr> <tr> <td>Closing Inventories (Stock)</td> <td>(15,000)</td> <td></td> <td></td> </tr> <tr> <td>Cost of Goods Sold</td> <td></td> <td>192,000</td> <td>(1)</td> </tr> <tr> <td>Gross Profit</td> <td></td> <td>58,000 (ofr)</td> <td>(1)</td> </tr> <tr> <td>Less Expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Heating</td> <td>6,000</td> <td></td> <td>(1)</td> </tr> <tr> <td>Rent</td> <td>22,000</td> <td></td> <td>(1)</td> </tr> <tr> <td>Wages</td> <td>34,000</td> <td>62000</td> <td>(1)</td> </tr> <tr> <td>Loss (ofr)(1)</td> <td></td> <td>(4000) (ofr)(1)</td> <td></td> </tr> </tbody> </table> <p>No aliens</p>	Sales		250,000	(1)	Cost of Sales				Opening Inventories (Stock)	12,000			Purchases	195,000		(1)	Closing Inventories (Stock)	(15,000)			Cost of Goods Sold		192,000	(1)	Gross Profit		58,000 (ofr)	(1)	Less Expenses				Heating	6,000		(1)	Rent	22,000		(1)	Wages	34,000	62000	(1)	Loss (ofr)(1)		(4000) (ofr)(1)		<b>(9)</b>
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Question number	Answer	Mark
<b>10(a)(i)</b>	<p><u>Debtors</u> x 365 (1) Credit Sales 250,000 x 80% = 200,000 (1) Credit Sales</p> <p><u>40,000</u> x 365 (1) 73 days (1) 200,000</p>	<b>(4)</b>

Question number	Answer	Mark
<b>10(a)(ii)</b>	<p>Creditors x 365 (1) Credit Purchases</p> <p><u>15,000</u> x 365 (1) 28.07 days (1) also accept 29 days 195,000</p>	<b>(3)</b>

Question number	Answer
<b>10(b)</b>	<p>The Debtors ratio shows that McCabe plc allow customers too long to pay their bills, whilst at the same time they pay their suppliers quicker. This is bad for cash-flow as they are paying out money before they are getting any in. T.</p> <p>They could ask debtors to pay earlier, however it doesn't mean they will or they may go elsewhere. Offer a discount to debtors who pay earlier, however this doesn't mean they will and McCabe PLC receive less money. Pay creditors later to delay cash flow, they then may stop supplying you (1) which would be bad for business.</p>
<b>Level</b>	<b>Mark</b>
	Descriptor
	<b>0</b> No rewardable material
<b>1</b>	<b>1-2</b> Basic description of current situation.
<b>2</b>	<b>3-4</b> Suitable actions identified, OR one action developed.
<b>3</b>	<b>5-6</b> Full marks two consequences fully developed.

Question number	Indicative Content
<b>11</b>	<p>Debt factoring – where the business sells its debtors (amounts receivables/invoices) to a third party to gain immediate funds. Invoice discounting is borrowing money on your debtors before they actually pay. This normally includes the payment of interest for short-period of time.</p> <p>Both are seen as a short-term measure and other sources of finance should be used if available. Invoice discounting gives the company flexibility over the amount borrowed, as this amount can be increased or decreased to suit the needs of the company. Whereas as debt factoring is a one-off payment of a fixed amount</p>
<b>Level</b>	<b>Mark</b>
	Descriptor
	<b>0</b> No rewardable material
<b>1</b>	<b>1-3</b> Basic description of the two sources.
<b>2</b>	<b>4-5</b> Suitable actions analysed
<b>3</b>	<b>6-7</b> Justify decision fully.

Question number	Answer	Mark
<b>12(a)</b>	<p>Co-ordinate your business (1), planning will help use your resources more effectively (1). Allows you to monitor the use of resources (1). Motivation (1), giving your workers a target can be motivating if they achieve it (1).</p>	<b>(4)</b>



Question number	Answer	Mark																				
<b>12(b)</b>	<table border="1"> <thead> <tr> <th>Expense</th> <th>Budget</th> <th>Actual</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Labour</td> <td>14500</td> <td>14800</td> <td><b>300 adverse (1)</b></td> </tr> <tr> <td>Materials</td> <td>3320</td> <td>2940</td> <td><b>440 favourable (1)</b></td> </tr> <tr> <th>Income</th> <th>Budget</th> <th>Actual</th> <th>Variance</th> </tr> <tr> <td>Sales</td> <td>32120</td> <td>31680</td> <td><b>440 adverse (1)</b></td> </tr> </tbody> </table> <p>do not need to indicate 'adverse' or 'favourable'</p>	Expense	Budget	Actual	Variance	Labour	14500	14800	<b>300 adverse (1)</b>	Materials	3320	2940	<b>440 favourable (1)</b>	Income	Budget	Actual	Variance	Sales	32120	31680	<b>440 adverse (1)</b>	<b>(3)</b>
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Question number	Answer	Mark
<b>12(c) (i)</b>	<p>The labour Variance is adverse which would mean we are paying higher wages (1) for more skilled labour to build the wardrobes (1) or the labour variance is adverse because we are using more labour hours (1) because the wardrobes are taking longer to make (1) The Materials variance is favourable because we are using less materials to make the wardrobes (1) or are paying less for our materials because we have found a cheaper supplier (1)</p>	<b>(2)</b>

Question number	Answer	Mark
<b>12(c) (ii)</b>	<p>The income variance is adverse which could mean you have sold a lower quantity of items (1). Demand for wardrobes might not have been as high as expected with it being a new product (1) or competitors may have changed their approach (1) or your advertising wasn't as targeted (1)</p> <p>The income variance could be adverse because you had to lower your prices (1) because of your competitor's actions (1) or your bookshelves weren't selling at the budgeted price (1)</p> <p>Overall, it isn't a large variance for your first attempt at selling bookshelves (1)</p>	<b>(2)</b>





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