

GCE



Revised GCE

Business Studies

Holistic Marking Examples

For first teaching from September 2016



HOLISTIC MARKING EXAMPLES

Q1 Source Material

S J Mechanics, Sole Trader

Summary of Key Financial data for the year ended 31 December

Income Statement		
	2016	2015
Sales Revenue	425,000	400,000
Cost of Sales	200,000	190,000
Gross Profit	225,000	210,000
Total Expenses	150,000	145,000
Net Profit	75,000	65,000
Statement of Financial Position		
	2016	2015
Non-Current Assets	275,000	270,000
Current Assets	100,000	115,000
Total Assets	375,000	385,000
Opening Capital	250,000	225,000
Add Net Profit	75,000	65,000
	325,000	290,000
Less Drawings	50,000	40,000
Closing Capital	275,000	250,000
Non-Current Liabilities	90,000	110,000
Current Liabilities	10,000	25,000
Total Liabilities	100,000	135,000
	375,000	385,000

Q1 Evaluate the usefulness of the information in S J Mechanics final accounts in assessing their business performance (18 marks)

Example Response 1

Final Accounts are used by S J Mechanics to show how much money they are making in any given year. They are prepared every year by accountants to work out how much tax they will pay to the government.

Final Accounts is also used by S J Mechanics to show their Sales Revenue and Expenses for the year ended 31 December.

Final Accounts is Used by S J Mechanics to work out how much the business is worth at 31 December each year so that if they sell the business they will know how much to charge. It tells them how much the assets and liabilities are every year.

Final accounts are not always accurate because some of the figures in the accounts may not be right because they are estimated.

GCE Business Studies CCEA A Level Marking Grid

18 Mark Question

Examiner

It is important that the pupil's response is marked holistically.

- Is the pupils' response focused on the set question?
- Does the answer demonstrate a comprehensive knowledge and understanding of the relevant business theory?
- Are the points selected thoroughly applied from the case study material?
- Are the relevant points clear and analysed logically and with reasoning?
- Are detailed arguments developed with a balanced judgement?

If your answer to the above questions are yes then you must award the top level 4.

Level	Response	AO1 Knowledge & Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation	Mark
4	Excellent	Comprehensive, relevant, accurate depth and well selected range of knowledge and understanding of issues	Thorough application of relevant source material throughout, effectively applied	Highly appropriate, clear and logically developed analysis and logical chains of reasoning	Detailed evaluation with a balanced judgement, a clear focus throughout built on effective analysis and use of business language. Excellent QWC	14-18
3	Good	Sound, relevant, accurate knowledge and understanding of issues	Sound application of relevant source material throughout	Focused, clear and logical well developed analysis and reasoning	Appropriate evaluation, informed judgement built on sound analysis. Good QWC	10-13
2	Satisfactory	Some knowledge and understanding relevant to stated question	Some application of relevant source material throughout	Some analysis and reasoning	Some stated evaluation that lacks balance from linked analysis Satisfactory QWC	6-9
1	Basic	Limited knowledge and understanding	Limited application of relevant source material and is mainly descriptive	Limited or no relevant analysis and reasoning, no development of the issues	Limited and unsupported evaluation from limited built analysis Basic QWC	1-5

Q1 Evaluate the usefulness of the information in S J Mechanics final accounts in assessing their business performance. (18 marks)

Example Response 2

Final accounts are concerned with classifying, measuring and recording the transactions of S J Mechanics for all years ended 31 December. These final Accounts show how S J Mechanics has performed for that year £75000 in 2016 and how much the business is worth at the 31 December 2016 £275,000.

One advantage of S J Mechanics of preparing final accounts is that they will assess the overall profit performance for the year ended 31 December 2015 (£75000 in 2016 and £65,000 in 2015) and 31 December 2016. They will be able to establish how much profit is made and compare it to its previous years' profits. S J Mechanics can take corrective action if they believe that they are not making maximised profits and therefore will become more efficient. However, there is no guarantee that S J Mechanics profits for every year will increase or even stay the same.

Both the Income statement and Statement of Financial position are historic, they were completed after each December. This means that the figures/amounts in the accounts are in the past and will probably change in the future because of inflation and minimum wage act. There is also no guarantee that the sales revenue £425,000 in 2016 will continue the same as in previous years. Therefore, the final accounts are only a guide to the future. On the other hand, final accounts can be used by S J Mechanics to show the bank when looking for a loan and can also be used for investors if looking to buy S J Mechanics.

The use of final accounts is essential to S J Mechanics. It shows how much S J Mechanics made the previous year £75,000 and how much the business is now worth £275,000 in 2016. It shows management where all the money came in to business and where it went and how they can correct negative variances. However final accounts can be window dressed to show that the business is doing better than it is.

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Q1 Evaluate the usefulness of the information in S J Mechanics final accounts in assessing their business performance. (18 marks)

Example Response 3

S J Mechanics prepare their Final accounts on the 31 December each year to assess their business performance for the previous 12 months ended 31 December. Two documents are completed each year, The Income Statement which shows S J Mechanics profits, £75,000 in 2016 and £65,000 in 2015 and the Statement of Financial Position which show the capital position of S J Mechanics, net worth £275,000 in 2016 and £250,000 in 2015.

The information/amounts contained in the Income statement show Sales Revenue, Gross Profit, Expenses and Net Profit. Profits on their own mean nothing but must be compared against previous year's profits or competitors' profits to have any meaning. Specific information in the final accounts can be compared to previous years' information / amounts, and explanations can be given for the positive/negative variances. The information can be used to make informed financial decisions regarding S J Mechanics future spending which can make the business more efficient and profitable for the future. However, S J Mechanics must realise that past performance annual profits of £75,000 for 2016 is no guarantee of future profits of £75,000 for 2017. This is because that there is so much unpredictability in the markets, external factors such as market demand and internal factors such as staff morale. A profitable business like S J Mechanics can face bankruptcy in the future due to the state of the economy. Profits can decrease as well as increase.

The information in the Statement of Financial position computes the value of S J Mechanics to be £275,000 in 2016 and £250,000 in 2015, made up of their Assets £375,000 in 2016 and liabilities £100,000 in 2016. This information, S J Mechanics net worth can be used by its suppliers, banks and competitors as this information can be used to assess its overall financial performance. Potential investors can use this performance information also if they were considering buying S J Mechanics at some future date. S J Mechanics can use it also to obtain loans from its banks for further investments.

However, it is important to note that S J Mechanics financial valuation can be over/under valued by management. Non-Current Assets can be over/under stated due to depreciation rates and inventories can also be overstated. Therefore, the value of S J Mechanics can be over under stated at its year end.

The use of final accounts is essential to S J Mechanics as it can be used by management to assess its overall business performance for the previous year. It computes their profits which is the main indicator for all business's financial performance. However, S J Mechanics final accounts are historic and can only be used as a guide/tool for future predictions. They may not be accurate either, due to window dressing to make S J Mechanics performance look better than what it is.

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