



Rewarding Learning

**General Certificate of Secondary Education
2015**

Applied Business

[G9372]

TUESDAY 2 JUNE, AFTERNOON

**MARK
SCHEME**

Quality of candidate's responses

In marking the examination papers, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Unanticipated responses

The mark schemes which accompany the specimen examination papers are not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers in operational examinations, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners would seek the guidance of the Supervising Examiner for the paper concerned.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate. Conversely, marks should only be awarded for valid responses and not given an attempt which is completely incorrect or inappropriate.

Marking calculations

In marking answers involving calculations, examiners should apply the "own figure rule" so that candidates are not penalised more than once for a computational error.

Levels of Response Marking Grid

	AO1 [3]	AO2 [3]	AO3 [3]
Mark Band 1	<p>1. Candidates demonstrate a basic knowledge and understanding. They give a basic description. There will be little organisation.</p>	<p>1. Candidates are able to apply limited knowledge and understanding. They give simple explanations. There will be few vocational links.</p>	<p>1. Candidates' responses suggest simple, broadly relevant ideas. They reach straightforward conclusions. Responses may not be clearly presented.</p>
Mark Band 2	<p>2. Candidates demonstrate a sound knowledge and understanding. They give a sound description. Answers will be organised.</p>	<p>2. Candidates apply knowledge and understanding to a range of situations. They give sound explanations, with some detail. There will be some vocational links and occasional detail.</p>	<p>2. Candidates comment in depth suggesting relevant ideas for development. They reach reasoned conclusions. Responses will usually be clearly presented. They will use a good range of specialist terms where appropriate.</p>
Mark Band 3	<p>3. Candidates demonstrate a detailed knowledge and understanding. They give a detailed description. Answers will be well organised.</p>	<p>3. Candidates apply relevant knowledge and understanding. They give full, detailed explanations, vocational links and the inter-relationship between factors.</p>	<p>3. Candidates comment fully, suggesting detailed relevant ideas. They reach reasoned conclusions. Responses will consistently be clearly presented in a logical form. They will use a wide range of specialist terms where appropriate.</p>

<p>1 (a) Private Limited Company [1] (1 × [1]) AO1</p> <p>(b) Advantages of a private limited company are:</p> <ul style="list-style-type: none"> • Greater amount of capital available [1] • Easier to borrow money [1] • Benefit from economies of scale due to size [1] • Limited liability [1] • The business has a separate legal identity from its owners and may take legal action on its own behalf without involving the owners [1] • Continuity [1] – the business can continue if one of the shareholders die [1] • Responsibility and workloads are shared due to the number of directors and managers [1] • There are opportunities for specialisation and division of labour [1] • Control of the business is retained by a small number of shareholders [1] <p>Any reasonable alternative responses (2 × [1]) AO1</p> <p>Disadvantages of a private limited company are:</p> <ul style="list-style-type: none"> • Financial information must be available for public inspection [1] – therefore accounts, etc are not private [1]. This may give competitors valuable insights into the affairs of the business [1] • Shares are not available for public sale [1] so expansion may be difficult [1] • Shareholders are entitled to a share of the profit in the form of a dividend [1] • Setting up a private limited company is more complicated than a sole trader/partnership [1] <p>Any reasonable alternative responses (2 × [1]) AO1</p> <p>(c) Shares [1] (1 × [1]) AO2</p> <p>(d) The two documents that must be drawn up by Clean Cars Ltd before they start trading are:</p> <ul style="list-style-type: none"> • Memorandum of Association [1] • Articles of Association [1] <p>(2 × [1]) AO2</p> <p>(e) Dividend [1] (1 × [1]) AO2</p> <p>(f) The aims that Clean Cars Ltd may have set for their second year of trading are:</p> <ul style="list-style-type: none"> • Make a profit [1] or Profit maximisation [1] • Expansion [1] • Satisfy customers [1] • Survival [1] • Growth [1] • Environmentally friendly [1] 	<p>[1]</p> <p>[2]</p> <p>[2]</p> <p>[1]</p> <p>[2]</p> <p>[1]</p> <p>[1]</p>
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**AVAILABLE
MARKS**

		AVAILABLE MARKS
	<ul style="list-style-type: none"> • Increase sales [1] • Reduces business costs/expenses [1] • Corporate image [1] <p>Any reasonable alternative responses (3 × [1]) AO1</p>	[3] 12
2	<p>(a) HASAWA [1] HASAWA 1974 [1] Health and Safety at Work Act [1] Health and Safety (Northern Ireland) Order 1978 [1] <i>(The date is not required for the mark available).</i> (1 × [1]) AO1</p>	[1]
	<p>(b) The responsibilities of the employers while in the workplace are:</p> <ul style="list-style-type: none"> • Ensure the safe use of chemicals and substances (washing detergent for the washing of the cars, the polish, etc for the waxing of the cars and the chemicals for the valeting of the inside of the cars) [1] • Carry out regular fire drills in case of an emergency or danger that may arise within the premises [1] • Provide protective clothing (goggles, steel toe-capped boots, wellington boots, overalls, hats/caps, etc) where necessary [1] • Maintain all equipment, machinery and systems in efficient working order so that employees are not put in danger [1] • Provide health and safety training for employees so that they know what to do in the case of an emergency [1] • Appoint a Health and Safety Officer to inform all employees within Clean Cars Ltd of any changes in legislation or any new laws that are to be applied within the company [1] • Provide facilities, for example a staffroom/communal staff area for eating meals (lunch, tea breaks) and rest periods [1] • Provide storage space for employee's clothing and personal belongings [1] • Carry out cleaning and the removal of waste regularly [1] • Equip the premises with toilets, drinking water and clean washing facilities [1] • Ensure that safe practices are carried out within the work place [1] • Provide safe premises with clear signs and enough space for people to move around without any difficulty [1] • Have the premises adequately ventilated as well as being well lit [1] • Provide suitable workstations with supportive seating for administrative work (if appropriate) [1] • Maintain an indoor temperature of at least 16 degrees Celsius (or 13 degrees Celsius if the work involves physical activity) – (if appropriate) [1] <p>Any reasonable alternative responses (3 × [1]) AO2</p>	[3]
	<p>(c) The responsibilities of the employees while in the workplace are:</p> <ul style="list-style-type: none"> • Co-operate in meeting the health and safety requirements within the company, Clean Cars Ltd [1] • Wear any protective clothing and equipment that has been provided by the company for their safety and protection [1] 	

		AVAILABLE MARKS
	<ul style="list-style-type: none"> • Report any/all faults or dangers that they come across while they are working within the company [1] • Undergo any health and safety training that is offered to them by the company [1] • Use all equipment carefully to keep it in good working order for the company as well as the other employees who may be using it [1] • Take all reasonable care for their own health and safety as well as the safety of others within the company [1] • Be conscious of health and safety issues [1] <p>Any reasonable alternative responses (3 × [1]) AO2</p>	7
3	<p>(a) Tertiary (1 × [1]) AO2 [1]</p> <p>(b) Clean Cars Ltd provide a service to their customers [1] who in return will pay John, Patrick or their employees for washing or valeting their vehicle [1]. (2 × [1]) AO2 [2]</p> <p>(c) The changing trends across the various types of production within the Northern Ireland economy are:</p> <ul style="list-style-type: none"> • There has been a shift away from the primary and secondary sectors [1] towards employment in the tertiary sector [1] of which Clean Cars Ltd belong. • More people are gaining employment in the tertiary sector as large organisations are purchasing their products from foreign countries [1] as the cost of labour is much cheaper [1]. This has resulted in higher levels of unemployment [1]. • The service/tertiary sector is the fastest growing sector in the current economy [1]. • The primary sector is also losing employees [1] as business owners are prepared to stop using the natural resources due to the high cost associated [1]. • The secondary sector has been badly affected [1] as organisations are finding it increasingly more difficult to compete [1] with the goods that are being manufactured in other countries [1]. Factories/businesses are closing down [1] or reducing the hours that they are manufacturing [1] as the demand for their products are no longer required by the public [1]. This has a devastating affect on the employees and their families [1] as they are finding it difficult to cater for their needs [1]. • The tertiary sector is growing [1] as more and more people are being employed to provide a service to the public [1]. The public are happier to pay [1] for the convenience of having a service provided [1] as opposed to them having to do it themselves [1]. As a result, we in Northern Ireland are losing the skills [1] of our communities and from the generations that have gone before us [1]. <p>Any reasonable alternative responses AO3</p> <p>[0] The candidate's answer is not worthy of credit.</p>	

([1] – [3])

The candidate has demonstrated a **limited ability** to discuss the changing trends across the various types of production within the Northern Ireland economy in relation to John and Patrick of Clean Cars Ltd.

The candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

([4] – [6])

The candidate has demonstrated a **good ability** to discuss the changing trends across the various types of production within the Northern Ireland economy in relation to John and Patrick of Clean Cars Ltd.

The candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

([7] – [8])

The candidate has demonstrated an **excellent ability** to discuss the changing trends across the various types of production within the Northern Ireland economy in relation to John and Patrick of Clean Cars Ltd.

The candidate demonstrates an excellent level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates an excellent level of writing, form and style appropriate to the purpose of the question. The organisation of the work is excellent.

AO3

[8]

11

4 (a) The signs of success for Clean Cars Ltd are:

- Made a profit [1]
- Increased number of customers [1]
- Provided employment [1]
- Increased range of services [1]
- Expansion [1]
- Entered a second year of trading [1]

(3 × [1]) AO1

[3]

(b) Horizontal Integration [1]

(1 × [1]) AO2

[1]

Horizontal integration is the joining together of two businesses which are in the same level of production [1] (in this case tertiary, providing a service) [1] and sell the same/similar type of product or provide the same/similar service [1] (in the case of Clean Cars Ltd, washing and valeting cars) [1] or in the same industry [1]

(2 × [1]) AO2

[2]

AVAILABLE
MARKS

(c) The benefits of horizontal integration for Clean Cars Ltd are:

- Due to the businesses coming together to combine their services to form a larger operation which will result in economies of scale [1]. Therefore being able to purchase any supplies, equipment/machinery or tools at a lower unit cost [1]
- The resources that both businesses had before the integration will be shared and therefore saves on duplicating the requirements for the new company [1]
- This will cater for the elimination of a competitor in the Armagh area [1]. Therefore allowing Clean Cars Ltd to increase their sales [1] as well as the number of customers that they will receive [1]
- It may also discourage any new similar type businesses from opening up in the Armagh and surrounding areas [1]
- Clean Cars Ltd will gain a larger share of the market [1] which will encourage further growth and expansion [1] as well as increased profits [1]
- As a result of their new company and its size, it may force the closure of other small and similar businesses who are in the same service industry as Clean Cars Ltd [1]
- Marketing economies of scale [1]. With additional premises Clean Cars Ltd will be able to advertise for all its branches [1] so that its customers from Armagh and surrounding areas can be informed/take advantage of the promotions on offer [1]

Any reasonable alternative responses

(2 × [2]) AO3

[4]

(d) The factors which may limit the growth for Clean Cars Ltd in the future are:

- Lack of finance [1]
If Clean Cars Ltd were to expand their current business venture in the future they would require finance [1]. The capital required would be for purchasing premises, necessary equipment/machinery, tools or any other asset/resource needed for the development of the company [1]. If John and Patrick were unable to raise this finance it would be impossible for Clean Cars Ltd to expand their business [1]. Therefore the idea would have to be abandoned until the finances become available [1]
- Lack of expertise [1]
If the opportunity of expansion arises for Clean Cars Ltd and neither John nor Patrick carry the expertise required for the development of the company they would not be able to proceed with any plans [1]. This will also be the case for the employees that are currently employed within Clean Cars Ltd [1]. The workforce should be well trained [1] and capable of undertaking, putting in place any new developments/plans to secure the future of the company [1]
- Competition [1]
This is a huge factor when an organisation is considering the possibility of expansion or growth as smaller businesses may not be in a position to compete with larger, more powerful businesses [1] that are in the same industry [1]. If the business can not manage to carry out their plans it is better for them to be realistic and not put their existing business in jeopardy [1]
- Lack of entrepreneurial skills [1]
John or Patrick would be required to have a desire of entrepreneurship as well as the skills and drive to want to take the company forward

[1]. By doing this they would be able to see if the plans for expansion and the opportunity that it would bring were worth the risk involved [1]. However, if neither of them would be interested in taking the risk it would be better to continue the business in its current form [1]

- Consumer taste [1]
Depending on the products or services that the business offers will depend on whether the customer will remain loyal to the company [1] if they decide to change from their existing range [1]. Clean Cars Ltd, if expanding must provide services that their customers are willing to pay for and the demand is so that it will encourage them to develop the company [1]. Otherwise, Clean Cars Ltd is better to continue with the range of services that they are currently providing and that are satisfying their customers [1]
- Lack of information and poor communication [1]
When planning to develop the company, John and Patrick need to be clear in what they are doing and be able to gather the correct information [1] as well as communicate with the necessary stakeholders of the business [1]. If John and Patrick do not collect the correct data they will create a service that they will have difficulty in selling to their customers [1]. This would result in poor management of the company and may cause them to become bankrupt [1] with the loss of the entire business and all that they have worked for [1] as well as letting their customers and staff down by not thinking the plans through correctly [1]

Any reasonable alternative responses

AO3

[0]

The candidate's answer is not worthy of credit.

([1] – [3])

The candidate has demonstrated a **limited ability** to discuss the factors that may limit any future growth, should it arise for Clean Cars Ltd.

The candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

([4] – [6])

The candidate has demonstrated a **good ability** to discuss the factors that may limit any future growth, should it arise for Clean Cars Ltd.

The candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

([7] – [8])

The candidate has demonstrated an **excellent ability** to discuss the factors that may limit any future growth, should it arise for Clean Cars Ltd.

The candidate demonstrates an excellent level of accuracy in spelling,

punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates an excellent level of writing, form and style appropriate to the purpose of the question. The organisation of the work is excellent.

AO3

[8]

AVAILABLE
MARKS

18

- 5 (a)** Competition is the rivalry between businesses [1]. It involves one business selling the same product or providing the same service against another business [1] for a share of the market [1]. Either of the businesses may employ a variety of tactics to discourage their customers from going to the other business [1] while also encouraging the customers from other businesses to come to them [1]. Competition is high which makes businesses monitor each other's activities very closely [1]. Therefore providing customers with a better choice, variety of product/service and value for money [1]. Competition is extremely healthy as it will encourage businesses to continuously improve upon their service in order to out-do their competitors [1]. Greater competition will result in prices falling [1] – if there was no competition, businesses would be able to charge what they liked for their product/service which would be very unfair to customers [1] (3 × [1]) AO1 [3]
- (b)** The following are strategies that Clean Cars Ltd would be able to use to manage competition:
- Clean Cars Ltd will keep the prices of the services that they provide at the same/similar level or slightly lower than any of their competitors in the Armagh and surrounding areas [1]. This will allow Clean Cars Ltd to retain their existing customers as well as gaining new customers by persuading them to leave their current car wash/valeting business [1]
 - Clean Cars Ltd will need to expand their current range of services [1] if they are to maintain their existing and loyal customers [1]
 - Clean Cars Ltd will need to make sure that they have the correct products/services in stock [1] as well as the employees to carry out the service [1] so that customers are not disappointed when they contact the business or when they arrive to collect their vehicle and the work has not been carried out [1]. This would frustrate the customer and result in them going to one of Clean Cars Ltd's competitors [1]
 - Clean Cars Ltd will need to increase their advertising [1] so that all services they provide will be offered to the necessary target market within the Armagh and surrounding areas [1]. Therefore increasing their market share [1] by encouraging new customers to their business and away from any competitor [1]
 - Clean Cars Ltd will aim to beat any of their competitors by providing a better service [1]. This may involve a collection/pick-up service, a waiting area for customers to relax and enjoy some refreshments or a loyalty card for repeat customers, encouraging the continued use of their services, etc [1]. This will satisfy the customers allowing them to be totally happy with the work carried out by the staff of Clean Cars Ltd [1]
 - Clean Cars Ltd will need to make sure that the quality of their products/services is as good, if not better than those offered by their competitors [1]. Today customers expect a top quality product or service from the business that they have agreed to support/carry out a job for them [1]. Creating a competitive advantage by ensuring a quality experience will

- be of benefit to the existing and new customers of Clean Cars Ltd [1]
 - Clean Cars Ltd may need to use promotional offers such as special offers or introductory discounts [1]. This would encourage any new customers to try the services offered by Clean Cars Ltd and compare it to the service that they are being offered by their existing service provider [1]. Value for money is a major area of concern for customers today and will usually persuade them to try the services of Clean Cars Ltd or not [1]
- (3 × [2]) or (2 × [3]) AO2 [6]

- (c) The method of market research used by Clean Cars Ltd is Primary Research [1] or Field Research [1]
- (1 × [1]) AO2 [1]

Primary or Field research is a collection of new/original information [1] and is carried out by making direct contact with consumers and members of the public [1] who may become customers [1]. An example of primary/field research used by Clean Cars Ltd to collect their information could have been questionnaires [1]

(2 × [1]) AO2 [2]

- (d) The advantages of using primary/field research are:
- The information gathered by Clean Cars Ltd would be current [1] and up-to-date [1]
 - Clean Cars Ltd can design the research in the best way to discover the particular information that is required [1]
 - Competitors would not have access to this information [1]
- (1 × [1]) AO1 [1]

The disadvantages of using primary/field research are:

- The process of designing the research, gathering the information and analysing the collected data can be slow [1] or time consuming [1]
 - This can be expensive [1] due to the need (for some small organisations) to employ the services of a specific marketing company [1]
- (1 × [1]) AO1 [1]

- (e) Clean Cars Ltd carried out market research for the following reasons:
- Market research will identify the type of people who would be their target market [1]. This will be of benefit to Clean Cars Ltd as they would be aiming their services at the correct clientele [1] encouraging them to use their company for their entire car washing/valeting needs [1]. It would also encourage their customers to inform their friends and family members [1]
 - Market research enables Clean Cars Ltd to price their services at an acceptable level for their customers [1]. This will allow Clean Cars Ltd to find out what the public are willing to pay for any of the services that they are offering [1]. Clean Cars Ltd will be able to identify if they would be able to make a profit or survive [1] at the proposed selling price according to the customer demands [1]
 - Carrying out market research will ensure that the information they are providing with regard to the services is adequate/accurate which customers are most likely to purchase [1]. By providing the most up-to-date and accurate information will allow the customer to make up their

own minds whether or not they are happy to use the services provided by Clean Cars Ltd [1]

- Such research will show the area in which sales are likely to be more successful [1]. Therefore giving the company a better insight to the direction of the business [1] as well as the decisions that need to be made for its future success [1]
- Market research may be worded in a way to gain information about the competitors of Clean Cars Ltd [1]. This information would be of great benefit to John and Patrick as they would have an idea of what the competition were planning to do [1]
- The information gained through market research will give Clean Cars Ltd the confidence to develop the most appropriate market strategy [1] that will provide the company with clear and precise direction [1].
- Collecting the correct information during market research will prevent the firm from making expensive errors [1]. Making sure that the information collected will be of use allows Clean Cars Ltd to provide the actual services demanded by the customers [1]

Any reasonable alternative responses

(3 × [2]) AO2

[6]

(f) The parts of the marketing mix are:

- Product [1]
The product part of the marketing mix will have specific focus on the product or service that is being offered by the business [1]. It will be up to the business to make sure that they are providing the best quality product or service to meet the needs of the customer [1]
- Price [1]
The price part of the marketing mix is concerned with the actual amount that the customer is willing to pay for a product or service [1]. It will also depend on the cost of making the product or providing the service by the business [1] so that they are making a profit [1]
- Place [1]
The place part of the marketing mix is solely concerned with getting the product or service to the customer [1]. The customer may have to travel a short or long distance in order to be able to purchase the product or service demanded [1]. The business may have to set up a delivery service so that the product or service is successfully received by the customer [1]
- Promotion [1]
The promotion part of the marketing mix will examine the best possible way to inform the target market of the product or service that is available [1]. This will be an expensive process [1] for the business as they will want to choose the most appropriate method of promotion so the target market/customers will know of the availability of the new/up-dated product or service [1]. There are many ways in which a business can choose to promote its product or service, including television, radio, magazines, newspapers, word of mouth, internet, demonstrations, cinema, vehicles, hoardings, posters, mail shots, shop window displays and carrier bags, etc [1]

(8 × [1]) AO2

[8]

(g) The most appropriate channel of distribution to be used by Clean Cars Ltd is: Manufacturer/Service Provider/Clean Cars Ltd – Customer [1]

This is the most suitable channel of distribution for Clean Cars Ltd as it allows John, Patrick and their employees to deal directly with the customer [1]. The customer can receive first hand, the care, attention and experience of employing the services of having their car washed/valeted etc by Clean Cars Ltd [1]. The customer will gauge their experience and make the decision of whether or not to come back for additional services [1]. This can also build up a loyalty to the company [1] which will lead to increased sales as well as satisfied customers and larger profits [1]. Customers who purchase any of the services from Clean Cars Ltd are purchasing directly from the maker/producer/service provider, in this case the service of car washing/valeting [1]. Therefore cutting out the 'middle man' as direct delivery of the service goes straight to the customer [1]. This will also reduce the cost of the service to the end user, the customer [1] for which they will be pleased, encouraging repeat business [1]

(3 × [1]) AO2

[3]

(h) The impact that competition has on the four parts of the marketing mix for Clean Cars Ltd is:

- **Product**
The quality of the service may have to be improved [1] so that it attracts additional customers [1] away from any competitors [1] that are faced by Clean Cars Ltd.
The range of products or services [1] that are offered by the company must be greater than those of any of its competitors [1]. The greater the range of services offered by Clean Cars Ltd will certainly attract new customers [1] which will in turn increase the market share [1] and ultimately the profits made [1]
- **Price**
The prices being charged by Clean Cars Ltd can not be higher than the competitors' prices [1] as this will turn customers away [1] which will have detrimental consequences for the company [1]. The company would fail as a result of high prices [1] with the loss of loyal customers [1] and employees losing their jobs [1]
- **Place**
The products or services that are offered by Clean Cars Ltd must be available when required by the customer [1]. This may mean longer opening hours for the business and its employees [1] otherwise the customers will no longer be loyal to Clean Cars Ltd [1] and be left with no choice but to go to a competitor within the Armagh area [1]
- **Promotion**
The promoting of the products or services must be constant [1] with very clear advertising [1] to attract customers to Clean Cars Ltd [1]. The company may decide to offer specific promotions [1] to attract customers, in the form of special offers, discounts or loyalty vouchers [1]. Clean Cars Ltd must offer and provide exceptional customer service [1] in order to retain existing customers [1] and attract new customers [1] in order to keep the business successful [1] and meeting the needs of its customers for the foreseeable future [1]

Any reasonable alternative responses

AO3

No marks can be awarded for the identification of product, price, place and promotion in this answer.

[0]

The candidate's answer is not worthy of credit.

([1] – [3])

The candidate has demonstrated a **limited ability** to discuss the impact that competition has on the marketing mix for Clean Cars Ltd.

The candidate demonstrates a limited level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear some of the time. The candidate demonstrates a limited level of writing, form and style appropriate to the purpose of the question. The organisation of the work is limited.

([4] – [6])

The candidate has demonstrated a **good ability** to discuss the impact that competition has on the marketing mix for Clean Cars Ltd.

The candidate demonstrates a good level of accuracy in spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a good level of writing, form and style appropriate to the purpose of the question. The organisation of the work is good.

([7] – [8])

The candidate has demonstrated an **excellent ability** to discuss the impact that competition has on the marketing mix for Clean Cars Ltd.

The candidate demonstrates an excellent level of accuracy in spelling, punctuation and grammar. The meaning of the text is always clear. The candidate demonstrates an excellent level of writing, form and style appropriate to the purpose of the question. The organisation of the work is excellent.

AO3

[8]

39

6 (a) Return on capital employed = $\frac{\text{Net Profit}}{\text{Total Assets} - \text{Current Liabilities}} \times 100$

$$= \frac{28,000 [1]}{126,400 - 30,500 [1]} \text{ or } = \frac{28,000 [1]}{95,900 [1]}$$

$$= 29.20\% [1] \text{ or } 29\% [1]$$

The answer must have the % sign for 3 marks.

If the % sign is missing only 2 marks can be awarded.

(3 × [1]) AO2

[3]

(b) This is a very good ROCE figure as it shows a 29p return on every £1 invested by John and Patrick [1]. This is a much better and higher return compared to that offered by a bank [1]. It may also be higher than the competitors of Clean Cars Ltd [1]. However, a huge risk for an investor but very worth while as they are making a very healthy return on their initial investment [1]

(2 × [1]) AO3

[2]

$$(c) \text{ Net profit percentage} = \frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100$$

$$= \frac{28,000 [1]}{100,000 [1]} = 28\% [1]$$

The answer must have the % sign for 3 marks.
 If the % sign is missing only 2 marks can be awarded.
 (3 × [1]) AO2

[3]

(d) This is an extremely good net profit percentage figure as it shows that Clean Cars Ltd is in a healthy position as they are making a clear profit of 28p for every £1 of sales revenue [1]. This puts Clean Cars Ltd in a very good position as John and Patrick are making good business decisions [1] with their services being advertised correctly to inform their target audience which allows them to satisfy their customers [1]. It also shows that John and Patrick are controlling the expenses of the business [1]
 (2 × [1]) AO3

[2]

$$(e) \text{ Working capital ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} : 1$$

$$= \frac{59,800 [1]}{30,500 [1]} = 1.96 : 1 [1]$$

or 2 : 1 [1]

The answer must have the :1 for 3 marks.
 If the :1 is missing only 2 marks can be awarded.
 (3 × [1]) AO2

[3]

Total

**AVAILABLE
MARKS**

13

100