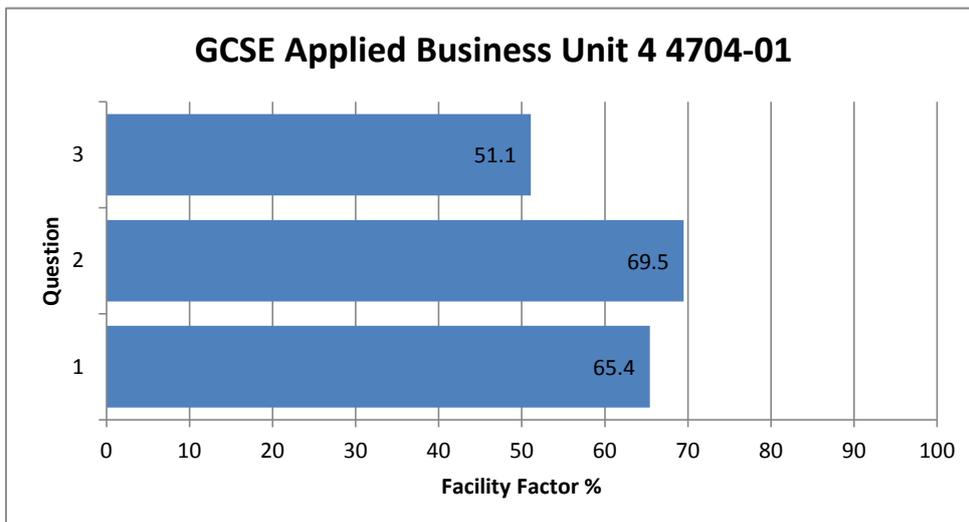


## GCSE Applied Business Unit 4 4704-01

All Candidates' performance across questions

 <i>Question Title</i>	<i>N</i>	<i>Mean</i>	<i>SD</i>	<i>Max Mark</i>	<i>FF</i>	<i>Attempt %</i>
1	170	24.2	6	37	65.4	100
2	170	25.7	7.3	37	69.5	100
3	170	13.3	6	26	51.1	100



(e) Rhian and Rhys have prepared figures for a Cash Flow Forecast for the first four months of the planned new venture. They hope to set up selling the specially designed hats on 1 July 2014. They will need to take into account:

- the increased business rates for the extended shop which will be £750 for the first two months but will then rise to £850
- the wages paid to an additional employee to help run the shop will be £1 000 per month
- insurance costs which will be £250 in July but will then increase to £350

There are errors in the Cash Flow Forecast shown opposite.

- (i) Using the above data, information given at the start of the question and your own knowledge of Cash Flow Forecasts, identify **three** input errors in the Cash Flow Forecast for *On Your Head*. [3]

Cash Flow Forecast *On Your Head* for four months ending 31 October 2014.

	A	B	C	D	E
1		July	August	September	October
2		£	£	£	£
3	Opening Balance at Bank	4 000	6 090	7 890	8 340
4					
5	<b><u>RECEIPTS</u></b>				
6	Sales	6 090	6 500	9 650	10 700
7					
8	<b>TOTAL RECEIPTS</b>	<b>6 090</b>	<b>6 500</b>	<b>9 650</b>	<b>20 700</b>
9					
10	<b><u>PAYMENTS</u></b>				
11	Purchases	2 000	2 500	4 500	5 000
12	Machinery			2 500	
13	Rates	750	850	850	850
14	Wages	1 000	1 000	1 000	1 000
15	Insurance	250	350	350	350
16					
17	<b>TOTAL PAYMENTS</b>	<b>4 000</b>	<b>4 700</b>	<b>9 200</b>	<b>7 200</b>
18					
19	Closing Balance at Bank	6 090	7 890	8 340	21 840

Error 1: .....

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Error 2: .....

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Error 3: .....

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(ii) Assess the effect that these errors would have on Rhian and Rhys's decision about whether or not to expand the business. [6]

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Cash Flow Forecast *On Your Head* for four months ending 31 October 2014.

	A	B	C	D	E
1		July	August	September	October
2		£	£	£	£
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13	Rates	750	850	850	850
14	Wages	1 000	1 000	1 000	1 000
15	Insurance	250	350	350	350
16					
17	TOTAL PAYMENTS	4 000	4 700	9 200	7 200
18					
19	Closing Balance at Bank	6 090	7 890	8 340	21 840

Error 1: The business rate in cell C13 is incorrect, it should've been £750.

Error 2: The payment for the machinery shouldn't be made in September (cell D11), it should've been made in August (C12).

Error 3: ~~The~~ The payment for machinery affects the total payments made in August, including the cost of machinery, it should've been £7200 in Cell C17.

- (ii) Assess the effect that these errors would have on Rhian and Rhys's decision about whether or not to expand the business. [6]

Rhian and Rhys may think that they are constantly making profit and ~~will~~<sup>will</sup> make bad business decisions, which can lead to cash flow problems such as debts and bankruptcy.

However, they might think it is wrong to expand and may lose out in a chance of making potential profit. The errors can make them feel to purchase more equipment for producing, which can be wrong to do so.

1. e

Cash Flow Forecast *On Your Head* for four months ending 31 October 2014.Examiner  
only

	A	B	C	D	E
1		July	August	September	October
2		£	£	£	£
3	Opening Balance at Bank	4 000	6 090	7 890	8 340
4					
5	<b>RECEIPTS</b>				
6	Sales	6 090	6 500	9 650	10 700
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8	<b>TOTAL RECEIPTS</b>	6 090	6 500	9 650	20 700
9					
10	<b>PAYMENTS</b>				
11	Purchases	2 000	2 500	4 500	5 000
12	Machinery			2 500	
13	Rates	750	850	850	850
14	Wages	1 000	1 000	1 000	1 000
15	Insurance	250	350	350	350
16					
17	<b>TOTAL PAYMENTS</b>	4 000	4 700	9 200	7 200
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- (ii) Assess the effect that these errors would have on Rhian and Rhys's decision about whether or not to expand the business. [6]

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However, they might think it is wrong to expand and may lose out in a chance of making potential profit. The errors can make them feel to purchase more equipment for producing, which can be wrong to do so.

Cash Flow Forecast *On Your Head* for four months ending 31 October 2014.

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4					
5	<b>RECEIPTS</b>				
6	Sales	6 090	6 500	9 650	10 700
7					
8	TOTAL RECEIPTS	6 090	6 500	9 650	<del>20700</del> <u>10700</u>
9					
10	<b>PAYMENTS</b>				
11	Purchases	2 000 ✓	2 500	4 500	5 000
12	Machinery		<del>2500</del> 2500	<del>2500</del>	
13	Rates	750 ✓	<del>750</del> 850	850	850
14	Wages	1 000 ✓	1 000	1 000	1 000
15	Insurance	250 ✓	350	350	350
16					
17	TOTAL PAYMENTS	4 000 ✓	<del>4700</del> 7100	<del>9200</del> 7200	7 200
18					
19	Closing Balance at Bank	6 090	<del>5490</del> <del>7890</del>	<del>1940</del> <del>8340</del>	<del>11140</del> <del>21840</del>

Error 1: The increased business rates are

£750 for the first month when it should be two.

Error 2: The payment for the machinery

of £2500 was to be paid in august not september.

Error 3: The total receipts in october

is £20700 it should be £10900

- (ii) Assess the effect that these errors would have on Rhian and Rhys's decision about whether or not to expand the business. [6]

These mistakes would make Rhian and Rhys <sup>believe they had to</sup> pay out less money in August when they actually have a £2500 bill for machinery, they would be making a lower profit than they would have predicted also they predicted that in October they would have a total receipts at £20700 when they would actually only have £10700 which would shock them massively.

1. e Cash Flow Forecast *On Your Head* for four months ending 31 October 2014.

	A	B	C	D	E
1		July	August	September	October
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3	Opening Balance at Bank	4 000	6 090	<del>5490</del> <del>7890</del>	<del>7940</del> <del>8340</del>
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9					
10	<b>PAYMENTS</b>				
11	Purchases	2 000 ✓	2 500	4 500	5 000
12	Machinery		<del>2500</del> 2500	<del>2500</del>	
13	Rates	750 ✓	<del>850</del> 750	850	850
14	Wages	1 000 ✓	1 000	1 000	1 000
15	Insurance	250 ✓	350	350	350
16					
17	TOTAL PAYMENTS	4 000 ✓	<del>4700</del> 7100	<del>9200</del> 7200	7 200
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of £2500 was to be paid in August not ✓

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is £20700 it should be £10900 ✓

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Error 1: The rates in august should be £750

Error 2: Total receipts in October should be £10700  
not £20700

Error 3: Closing balance at bank should be  
£11840

- (ii) Assess the effect that these errors would have on Rhian and Rhys's decision about whether or not to expand the business. [6]

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~~The effect this~~

The rates in august being £100 more than  
would it should be would have a big effect  
on their cashflow forecast. The receipts being  
£10000 more than what it should be effects  
their decisions. The closing bank balance  
would effect the next month which would  
make the cashflow forecast wrong.

1. e Cash Flow Forecast *On Your Head* for four months ending 31 October 2014.

	A	B	C	D	E
1		July	August	September	October
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Error 1: The rates in august should be £750 ✓

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- (ii) Assess the effect that these errors would have on Rhian and Rhys's decision about whether or not to expand the business. [6]

~~The effect this~~

The rates in august being £100 more than would it should be would have a big effect on their cashflow forecast. The receipts being £10000 more than what it should be effects their decisions. The closing bank balance would effect the next month which would make the cashflow forecast wrong.

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7



3. Study the information below and then answer the questions that follow.

*WoolWorks* is located in a small market town and is one of its largest employers. It makes different items from wool for local retailers in the tourist industry. *WoolWorks* concentrates on producing one item at any one time.



(b) *WoolWorks* has an aim to maintain its reputation of being an excellent employer in the town.  
Explain which method of quality assurance would benefit *WoolWorks* in achieving this aim. [4]

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(b) WoolWorks has an aim to maintain its reputation of being an excellent employer in the town.

Explain which method of quality assurance would benefit WoolWorks in achieving this aim. [4]

Total Quality Management would benefit them because each employee takes control of his own work and makes sure that it is 'right first time'. This saves the business money as a product is less likely to be wasted.



Examiner only

3. (b) WoolWorks has an aim to maintain its reputation of being an excellent employer in the town.  
Explain which method of quality assurance would benefit WoolWorks in achieving this aim. [4]

Total Quality Management would benefit them because each employee takes control of his own work and makes sure that it is 'right first time'. This saves the business money as a product is less likely to be wasted.



(b) WoolWorks has an aim to maintain its reputation of being an excellent employer in the town.

Explain which method of quality assurance would benefit WoolWorks in achieving this aim. [4]

I would use 'self checking' as a way of quality assurance because it gives employees more control, reducing repetition and increasing morale. The employees feel they have a higher level of responsibility to ensure they do it right and by getting it right first time reduces extra time doing adjustments ~~or~~ and costs less as they will have no reason to scrap the product if it isn't right.



3. (b) WoolWorks has an aim to maintain its reputation of being an excellent employer in the town.  
Explain which method of quality assurance would benefit WoolWorks in achieving this aim. [4]

I would use 'self checking' as a way of quality assurance because it gives employees more control, reducing repetition and increasing morale. The employees feel they have a higher level of responsibility to ensure they do it right and by getting it right first time reduces extra time doing adjustments ~~or~~ and costs less as they will have no reason to scrap the product if it isn't right.

2



OER Template Example

3

Marked Example

2

- (c) (i) Name **two** types of stakeholders that would be interested in the way *WoolWorks* is run. [2]

Stakeholder 1: .....

Stakeholder 2: .....

- (ii) *WoolWorks* has decided to buy a computerised system that will help it in the manufacturing of its products. Evaluate the impact of this decision on the two stakeholders you have identified. [4]

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3. (c) (i) Name **two** types of stakeholders that would be interested in the way *WoolWorks* is run. [2]

Stakeholder 1: ~~Local people~~ Employers

Stakeholder 2: Investors

- (ii) *WoolWorks* has decided to buy a computerised system that will help it in the manufacturing of its products. Evaluate the impact of this decision on the two stakeholders you have identified. [4]

A computerised system will ~~give~~ reduce the number of employees it has so it will have a negative impact of employees. It will reduce employee satisfaction as machines are doing their job so it will reduce motivation. A computerised system will make production more fast and efficient so investors would more likely want to invest in their business.



3. (c) (i) Name **two** types of stakeholders that would be interested in the way *WoolWorks* is run. [2]

Stakeholder 1: ~~Local people~~ Employers ✓

Stakeholder 2: Investors ✓

2

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2



3. (c) (i) Name **two** types of stakeholders that would be interested in the way *WoolWorks* is run. [2]

Stakeholder 1: Investors

Stakeholder 2: \_\_\_\_\_

- (ii) *WoolWorks* has decided to buy a computerised system that will help it in the manufacturing of its products. Evaluate the impact of this decision on the two stakeholders you have identified. [4]

Investors will feel that the business is more professional and advanced, which will make them feel that they are investing in a profitable business.



- 3. (c) (i) Name **two** types of stakeholders that would be interested in the way *WoolWorks* is run. [2]

Stakeholder 1: Investors ✓

Stakeholder 2: \_\_\_\_\_ X

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Investors will feel that the business is more professional and advanced, which will make them feel that they are investing in a profitable business. XIV



3. (c) (i) Name **two** types of stakeholders that would be interested in the way *WoolWorks* is run. [2]

Stakeholder 1: *supplier*

Stakeholder 2: *shareholder*

- (ii) *WoolWorks* has decided to buy a computerised system that will help it in the manufacturing of its products. Evaluate the impact of this decision on the two stakeholders you have identified. [4]

*The impact is would have on the supplier would be good because products would be made quicker, but may make too many. The impact on a shareholder would be good because they would be getting money back.*



3. (c) (i) Name **two** types of stakeholders that would be interested in the way *WoolWorks* is run. [2]

Stakeholder 1: *supplier*

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