

FORMULAE

Total costs	= Fixed costs + Variable costs
Total cost per unit	= Fixed costs + Variable costs
Total variable costs	= Variable cost per unit X Number of units sold
Variable cost per unit	= Total variable costs ÷ Number of units sold
Fixed costs	= Total costs – Variable costs
Fixed costs per unit	= (Total costs – Variable costs) ÷ Number of units sold
Total revenue	= Selling price x Number of units sold
Profit	= Total revenue – Total costs
Break-even	= Fixed costs ÷ (Selling price – Variable cost per unit)



If your final answer to a calculation is correct, full marks will usually be given. However, some questions may specifically ask you to show your workings so that your thought process can be assessed. You can still gain marks in questions that require working to be shown, even if the final answer is incorrect. For this reason, it is good practice to show working in all calculation questions as it may still be possible for examiners to award you some marks.



EXAMINATION TIPS

With your examination practice, use a boundary approximation for the examined unit using the following table. Be aware that boundaries are usually a few percentage points either side of this.

Grade	Level 2			Level 1		
	Distinction*	Distinction	Merit	Pass	Distinction	Merit
Code	2*	D2	M2	P2	D1	M1
Boundary	90%	80%	70%	60%	50%	40%
				P1		P1
				30%		30%

1. Be prepared with a black pen, a calculator, and a ruler.
2. Read each question carefully as some students give answers to questions they think are appearing rather than the actual question.
3. Try to not repeat the question in the first line of your response. It will not score you any marks, but simply wastes your time. Avoid losing marks by not finishing the paper.
4. Try not to repeat the same points in your answers. Only the first will gain marks.
5. Focus your responses on the scenario or context in the question and consider the impact on the business or the concept in the question. Use the information you have been given in the question and make sure you reference it in your answer.
6. Learn and understand each of the different types of costs.
7. Learn each of the calculations required and practice rearranging equations.
8. In calculation questions, marks may be awarded for workings out if the final answer is incorrect. Make sure to show your working in case you make a mistake and the answer is incorrect. Workings also help you check through your own answers more quickly at the end of an exam.
9. Test yourself on pricing strategies and franchising as these topics are often poorly understood.
10. Become familiar with break-even charts and how they are constructed. You will not be expected to draw a break-even graph in the exam but you may be asked to interpret one or complete one that is already partially drawn.
11. When explaining your points, you need to use clear connectives to show that you are developing the point you have made and not moving onto a separate point. These connectives include: 'thus', 'therefore', 'this means that', 'this leads to', 'because' and 'as a consequence'. This demonstrates your skills of analysis which are assessed in medium and longer answer questions.
12. Avoid undeveloped answers such as 'quick', 'simple', 'fast' and 'easy'. These cannot be awarded marks.
13. Each question starts with a command word. Make sure you fully understand what each command word requires you to do. Reading the command verbs at the start of this guide will help you with this.
14. Answer questions in the spaces provided. If this is not possible, for instance, you have deleted a wrong answer, indicate the location of the corrected answer on the paper (e.g. 'see next page' or 'my answer is on the last blank page').

Good luck!