

Mark Scheme (Results)

Summer 2015

Pearson Edexcel GCSE
in Applied Business (5AB02) Paper 1

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2015

Publications Code UG040752

All the material in this publication is copyright

© Pearson Education Ltd 2015

Q	Answer	Mark	AOs
1a	B: purchase order	(1)	AO1 x 1
1b	C: delivery note	(1)	AO1 x 1
1c	D: remittance advice slip	(1)	AO1 x 1
1d	C: credit note	(1)	AO1 x 1
2a	<p>1 mark for identifying an appropriate advantage/disadvantage to CCC and up to two marks for development. A maximum of three marks per advantage/disadvantage.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> • Reduces the need for cash handling • Convenience • Transaction only take a few seconds • Reduces administration costs • Improves accounting accuracy • Secure transaction <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> • Cost of purchase of system • Training staff • Running costs • Fees/Charges • Risk of malfunction • Potential for fraud <p>For example: advantage Online payment systems are very convenient for customers (1) This is likely to increase sales (1) and as a result increases turnover/revenue for CCC (1)</p> <p>For example: disadvantage CCC will have to purchase the card reader/machine (1) and there will be other costs to set up the system such as staff training (1). This will decrease the profit for CCC (1).</p> <p>Accept any other appropriate answer</p>	<p>2 x</p> <p>(3)</p>	<p>AO2 x 4</p> <p>AO3 x 2</p>

Q	Answer	Mark	AOs
2b	<p>1 mark for the advantage and 2 marks for development.</p> <p>E.g.</p> <ul style="list-style-type: none"> Using barcodes allows CCC to control their stock (1) this allows stock levels to be lower than would otherwise be the case (1) which reduces the cost of specialist storage facilities e.g. refrigerators/physical space required (1). Using barcodes allows CCC to keep track of their hire equipment (1) this keeps a clear audit trail of equipment in and out of the business/who has which piece of equipment (1) this reduces the cost of replacing lost/stolen equipment (1). Using barcodes will speed up transaction times at tills (1) this will reduce queuing time/reduce need for till staff at busy times (1) improving customer satisfaction/reducing labour costs (1) <p>Accept any other appropriate answer.</p>	(3)	AO1 x1 AO2 x 1
2c	<p>1 mark for the advantage plus 1 mark for development.</p> <p>Accept any other appropriate advantage for preparing business documents using a computerised systems. Do not award 2 separate points.</p>	(2)	AO1 x1 AO2 x 1
3a	<p>6 x 1 marks for invoice figures</p> <p>See invoice</p>	(6)	AO2 x 6

Number of Nights	Rate per Night (£)	Total (£)	Total (p)
1	70.00	70	00
2	85.00	170	00
Total Hire Charge		240	00
<i>Early booking discount @5%</i>		12	00
Sub-total		228	00
<i>Welcome Pack</i>		30	00
<i>Fuel</i>		75	00
Total to Pay		333	00

(1)

(1)

(1)

(1)

(1)

(1)

(1) OFR

3b	<p>1 mark for each appropriate response x 4.</p> <p>Start up costs</p> <ul style="list-style-type: none"> • Purchase price of boats • Company signs and logos on boats • Fittings and fixtures <p>Running costs</p> <ul style="list-style-type: none"> • Wages • Fuel • On-going advertising 	2 x (2)	A01 x 4
-----------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------	---------

3c	<table border="1"> <thead> <tr> <th>Assets</th> <th>£</th> <th>Fixed</th> <th>Current</th> </tr> </thead> <tbody> <tr> <td>Office equipment</td> <td>15 800</td> <td>x</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Fishing equipment for hire</td> <td>8 000</td> <td><input type="checkbox"/></td> <td>x</td> </tr> <tr> <td>Money in bank</td> <td>5 000</td> <td><input type="checkbox"/></td> <td>x</td> </tr> </tbody> </table>	Assets	£	Fixed	Current	Office equipment	15 800	x	<input type="checkbox"/>	Fishing equipment for hire	8 000	<input type="checkbox"/>	x	Money in bank	5 000	<input type="checkbox"/>	x	(3)	A01 x 3
Assets	£	Fixed	Current																
Office equipment	15 800	x	<input type="checkbox"/>																
Fishing equipment for hire	8 000	<input type="checkbox"/>	x																
Money in bank	5 000	<input type="checkbox"/>	x																

4	1 mark for each correct row as shown	(8)	A01 x 2 A02 x 6
----------	---------------------------------------------	-----	--------------------

		£	£
Sales			180 000
Cost of Sales			32 500
<i>Gross Profit</i>			147 500
<i>Expenses:</i>			
<i>Wages and salaries</i>		50 000	
Rent, Rates and Insurance		42 900	
Light, Heat and Power		1 500	
Telephone and Broadband		1 200	
<i>Total Expenses:</i>			95 600
Net Profit			51 900

5a	<p>1 mark for correct percentage x 2. Figures may be rounded up or down to the nearest decimal or whole number.</p> <p><i>Accept correct percentage if in calculation box rather than percentage box</i></p> <p>See table below</p>	(2)	AO2 x 2									
<table border="1"> <thead> <tr> <th data-bbox="699 528 807 624">Ratio</th> <th data-bbox="807 528 943 624">2015 %</th> <td data-bbox="943 528 1007 624"></td> </tr> </thead> <tbody> <tr> <td data-bbox="699 624 807 674">GPM</td> <td data-bbox="807 624 943 674">30.03</td> <td data-bbox="943 624 1007 674">(1)</td> </tr> <tr> <td data-bbox="699 674 807 745">NPM</td> <td data-bbox="807 674 943 745">18.32</td> <td data-bbox="943 674 1007 745">(1)</td> </tr> </tbody> </table>				Ratio	2015 %		GPM	30.03	(1)	NPM	18.32	(1)
Ratio	2015 %											
GPM	30.03	(1)										
NPM	18.32	(1)										
5bi	<p>1 mark for the reason for change and up to 2 marks for development/appropriate reasons There must be some reference to either or both a change in CCCs prices or a change in CCCs Cost of Sales.</p> <p>Accept any reasonable answer that could account for a change in GPM.</p>	(3)	AO1 x 2 AO2 x 1									
5bii	<p>1 mark for the change and up to 2 marks for development/appropriate reasons</p> <p>There must be some reference a change in expenses/overheads</p> <p>Accept any reasonable answer that could account for a change in NPM.</p>	(3)	AO1 x 2 AO2 x 1									
5c	<p>The aim here is for candidates to assess whether the purchase of boats would be a suitable proposal. Simple statements and theory/generic answers will limit the candidate to level one.</p> <p><i>Candidates may use the following as part of their answer:</i></p> <p>Possible answer could include:</p> <p>Liquidity ratios:</p> <ul style="list-style-type: none"> • Acid Test is better, up by .25, now 1:1 so can pay debts but could be higher • Current Ratio is better, up by .2, now 1.2:1 so can pay debts <p>Accept any appropriate answer.</p>	(6)	AO1x2 AO2x3 AO3x1									

Level	Descriptor
0 0 marks	No rewardable material
1 1-2 marks	A few key points identified, or one point described in some detail. The answer is likely to be in the form of a list. Only one aspect considered. Points made will be superficial/generic and not applied/directly linked to the situation in the question.
2 3-4 marks	Some points identified, or a few key points explained. Consideration of more than one point but there will be more emphasis on one of them. The answer may be unbalanced. Most points made will be relevant to the situation in the question, but the link will not always be clear.
3 5-6 marks	<p>Range of points assessed and the answer is balanced. Key points are assessed and justified. The majority of justifications given will be relevant and there will be a clear link to the situation in the question.</p> <p>At the bottom of this level the data is used to support the assessment and some justification given. Answers will be well developed.</p> <p>At the top of this level a clear assessment with full justifications is produced providing a well-developed answer.</p>

<p>*6</p>	<p>The aim here is for candidates to evaluate the importance of two financial statements – the profit and loss account and the balance sheet – to a stakeholder (the lender). To reach a high level it is essential that the candidate demonstrates evaluative skills. Simple statements and theory about the importance of financial statements will limit the candidate to level one.</p> <p><i>Candidates may use the following as part of their answer:</i></p> <ul style="list-style-type: none"> Lenders will need information concerning CCC’s ability to repay the loan/make interest payments/the security of the money they loan. <p>Profit and Loss Account This will help potential lenders decide whether they should risk lending money to the business.</p> <ul style="list-style-type: none"> The P & L indicates how the revenue is transformed into the net income/it displays the revenues for a specific period and the cost and expenses. This will show the bank whether CCC was profitable/made or lost money during the period being reported. The profit and loss will show if CCC is making profits/losses and therefore likely to stay in business. The bank would not want to enter into a loan agreement with a business that was likely to close down in the coming months Lenders will use the P & L account to make a judgement on the success or otherwise of CCC and how it is performing. Whether the business made or lost money during the period being reported may affect the decision to lend money. Lenders might be interested in CCC’s forecast profit and loss account for the coming year as it shows the revenue and costs/profit or loss the business estimates it will make and if will be able to afford loan repayments. <p>Balance Sheet</p> <ul style="list-style-type: none"> A balance sheet shows the total assets and liabilities at a particular date/ gives a snapshot of the worth/value of CCC at any one time. It can indicate how healthy the business is. A lender can get an idea of how safe their money would be. The bank can see from the balance sheet if the business is likely to be able to pay back the loan. The lender can use the balance sheet to assess the security 	<p>(10)</p>	<p>AO1 x 2 AO2 x 2 AO3 x 6</p>
-----------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	----------------------------------------

available to grant the loan, as it will show their fixed assets. These can be used as security if the company default on their loan repayments and claimed as settlement of the loan if not repaid.

- A strong balance sheet can indicate that *CCC* is a good risk.
- A weak balance sheet can indicate the loan is at risk of not being repaid as *CCC* could be at risk of closure if they have poor liquidity.

Conclusion: The bank would not base their decision on the financial documents from one year only but would want to see them across a number of years (3 or more) plus a forecast to assess the trends before making a decision on a loan.

Level	Mark	Descriptor - Evaluate
No mark	0	Non-rewardable material
Level 1	1 – 3	<p>Basic arguments on both sides identified, or only one side considered. The answer is likely to be in the form of a list. Points made will be superficial/generic and not applied/directly linked to the situation in the question. No conclusion produced or the conclusion is a consequence of only one side of the argument being considered.</p> <p>At the bottom of this level only one argument will be identified.</p> <p>At the top of this level three or more arguments will be listed or two arguments will be identified with some superficial development.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation and grammar errors and the style of writing will not be appropriate to the subject matter</p>
Level 2	4 - 7	<p>Arguments for and against are described, but there will be more emphasis on one side than the other. The answer will be unbalanced. A conclusion is present, but this is either implicit or as a result of unbalanced consideration of the arguments. There is little or unfocused justification of the conclusion. Most points made will be relevant to the situation in the question, but the link will not always be clear.</p> <p>At the bottom of this level no conclusion will be given or the conclusion will be irrelevant/generic/unsupported by a valid argument. The argument may be balanced but lacks development/the conclusion is supported by a list of points.</p> <p>At the top of this level a relevant conclusion will be presented but this will not be supported by a balanced argument/will not be explicitly stated. There has been some development of the argument but this is likely to be unbalanced.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however its use will not be</p>

		as confidently used as that in level 3.
Level 3	8 – 10	<p>Balanced explanation of both sides for and against. A conclusion is produced which is justified clearly linked to the consideration of arguments for and against, and their relative importance to the situation. The majority of points made will be relevant and there will be a clear link to the situation in the question.</p> <p>At the bottom of this level a relevant supported conclusion is produced but there may still be an unbalanced argument. Arguments are well developed/supported by use of data.</p> <p>At the top of this level a clear conclusion is produced which is fully justified by well-balanced, developed arguments/supported by good use of data.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence of analysis in the answer.</p>