

# Mark Scheme (Results)

## Summer 2010

GCSE

### GCSE APPLIED BUSINESS (5AB02) Paper 01

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Publications Code UG023419

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Question Number	Answer	Mark	AO												
1(a)	C: Remittance Advice Slip	(1)	AO1 x 1												
1(b)	B: Delivery Note	(1)	AO1 x 1												
1 (c)	<table border="1"> <tbody> <tr> <td>B</td> <td>Liabilities</td> </tr> <tr> <td>C</td> <td>Fixed Assets</td> </tr> <tr> <td>D</td> <td>Current Assets</td> </tr> <tr> <td>E</td> <td>Fixed Assets</td> </tr> <tr> <td>F</td> <td>Liabilities</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	B	Liabilities	C	Fixed Assets	D	Current Assets	E	Fixed Assets	F	Liabilities			(1 x 5)	AO1 x 4 AO2 x 1
B	Liabilities														
C	Fixed Assets														
D	Current Assets														
E	Fixed Assets														
F	Liabilities														
1 (d)(i)	<p>1 mark for definition of a start up cost 1 mark for example</p> <ul style="list-style-type: none"> <li>Start up costs are incurred at the time of/before the business starts trading (1) – an example are the two drum kits for the teaching rooms/ a computer (1)</li> </ul> <p>(1 x 2)</p>	(4)	AO1 x 2 AO2 x 2												
(ii)	<p>1 mark for definition of a running cost 1 mark for example</p> <ul style="list-style-type: none"> <li>Running costs are incurred in the normal course of regular trading (1) – an example is soft drinks for the pupils of the drum school/ a monthly advert in <i>Percussion Magazine</i> to promote the store's products (1)</li> </ul> <p>(1 x 2)</p>														

Question Number	Answer	Mark	AO
2 (a)	See completed Sales Invoice below	(3)	AO1 x 1 AO2 x 2

**SALES INVOICE**

Code	Description	Quantity	Unit Price (£)	£	p
SK5	Starter Drum Kits	2	120.00	240	00
WS3	Wooden Drum Sticks (pair)	15	5.00	75	00
DH45	Replacement Head Skins	1	35.00	35	00

<b>Goods Total</b>	<b>350</b>	<b>00</b>	<b>(1)</b>
<b>Trade Discount @ 10%</b>	<b>35</b>	<b>00</b>	
<b>Subtotal</b>	<b>315</b>	<b>00</b>	<b>(1) OFR</b>
<b>VAT @17.5%</b>	<b>55</b>	<b>12 or 13</b>	
<b>Total to pay</b>	<b>370</b>	<b>12 or 13</b>	<b>(1) OFR</b>

Question Number	Answer	Mark	AO
2(b)	<ul style="list-style-type: none"> <li>• A cheque is safer to give/post than cash (1) – it can only be cashed by the person named on the cheque/Cash will not have to be kept on premises to pay tutors/ the tutor can be sent their payments if needed (1)</li> <li>• May help cash flow (1) – payment delayed (1)</li> <li>• Record of payment (1) – auditable (1)</li> </ul>	(1 x 2)	AO1 x 2
2(c)	<p>2 marks for advantage – 1 for the advantage and 1 for the development. Possible answers include:</p> <ul style="list-style-type: none"> <li>• Encourages impulse purchases (1) – customer does not need to have the cash on them or a cheque book with them (1)</li> <li>• Bank balance (1) – customer does not need to have the money at that time (1)</li> <li>• More secure (1) - customer does not need to carry large amounts of cash/greater consumer protection with credit cards/credit card company keeps a list of transactions (1)</li> <li>• Customer preferences (1) – people expect to be able to buy using “plastic” (1)</li> <li>• Customer can buy over the telephone (1) – this means they do not have to take time out to visit the shop (1)</li> <li>• Deferred payment (1) – customer has longer to pay (1)</li> <li>• Choice of payments (1) customer can chose to pay some or all (1)</li> <li>• Loyalty/reward schemes (1) – customer may be collecting rewards (1)</li> </ul>	(1+1) x 3	AO1 x 6

Question Number	Answer	Mark	AO
3(a)	Purchase order number, address and instruction (terms): 2 marks if all correct; 1 mark if one or two correct	(2)	AO2 x 7
	Correctly filled in rows: 1 mark for each (total of 4)	(4)	
	Correct total: 1 mark	(1) OFR	
	See completed Purchase Order below.		

 		Purchase Order No: 7866				
		To: Ruby Drum Supplies Marina Way Swansea SA1 6FR				
Qty	Item Description	Order code	Unit Price		Total Price	
			£	p	£	P
3	starter drum kit	SDK5	120	00	360	00
1	deluxe drum kit	DDK5	300	00	300	00
24	wooden sticks (pairs)	WS1	5	00	120	00
3	cymbal bag 20"	CB20	28	00	84	00
<b>Total</b>					<b>864</b>	<b>00</b>
Delivery Terms: Immediately/ASAP						

Question Number	Answer	Mark	AO
3 (b)	<p>Possible answers include:</p> <ul style="list-style-type: none"> <li>To refund <i>Drumz'n'Stix</i> /reduce the amount owed by <i>Drumz'n'Stix</i>/refund the purchase</li> <li>So that Ruby Drum Supplies can credit the account of <i>Drumz'n'Stix</i></li> </ul>	(1)	AO1 x 1
3 (ci)	<ul style="list-style-type: none"> <li>Wrong calculation of VAT</li> <li>Vat is too little</li> <li>Vat should be £38.50 not £3.85</li> <li>Total Credit is wrong</li> </ul>	(1)	AO1 x 1
3 (cii)	<ul style="list-style-type: none"> <li>Accept £258.50 OR £223.85</li> </ul>	(1)	AO1 x 1
3 (ciii)	<ul style="list-style-type: none"> <li><i>Drumz'n'Stix</i> will receive too little credit/will lose money (NOT profit)</li> <li>She might pay the wrong amount of VAT</li> <li>Time may be lost</li> <li>She may lose confidence in Ruby Drum Supplies look for a new supplier</li> </ul>	(1)	AO1 x 1

Question Number	Answer	Mark	AO
4	See completed Profit and Loss summary below	(8)	AO1 x 1 AO2 x 7

	£	£	
Total Sales		5 625	(1)
Cost of Sales		2 225	(1) both
Gross Profit		3 400	(1)
<b>Expenses:</b>			
Wages and Salaries	900		(1) both
Rent, Rates and Insurance	800		(1) both
Light, Heat and Power	250		(1) both
Telephone and Broadband	80		(1) both
Total Expenses:		2 030	
Net profit		1 370	(1) (both) No OFR

Question Number	Answer	Mark	AO
5 (a)	<p><b>1 mark for the benefit</b></p> <ul style="list-style-type: none"> <li>Keeps up to date stock records/lowers Drumz'n'Stix stock levels/avoids buying/keeping unwanted stock /reduces its storage costs/reduces wastage (1)</li> <li>Saves time/less time is needed to count stock/label stock in store/sell stock/no need to input price into till/aids efficiency (1)</li> <li>Automatic ordering (reduces Drumz'n'Stix paperwork) (1)</li> <li>Labels/stickers/price tags (1) – no need to buy/no need to label each item of stock (1)</li> <li>Gives accurate sales information – different items are analysed/Jen can tell what she is and is not selling (1)</li> <li>Till mistakes minimised/prevents wrong price</li> </ul>	(1)	AO1 x 1



	<b>being entered into till/lowers costs through fewer errors (1)</b>		
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Question Number	Answer	Mark	AO
5 (b)	<p>The answer should refer to a computerised accounting system NOT to the benefits of spreadsheets</p> <p><b>Benefits to <i>Drumz'n'Stix</i></b></p> <ul style="list-style-type: none"> <li>• Work is more accurate than when using a manual system– transcription errors are less likely/one entry can update several linked sheets</li> <li>• Labour costs could be lowered – as fewer staff will be needed/specialist accountants will not be needed to complete the basic accounts</li> <li>• Work can be completed faster than when using a manual system – this saves time/increases <i>Drumz'n'Stix</i> profit/increases efficiency of <i>Drumz'n'Stix</i></li> <li>• Easier/cheaper to store the information rather than a manual system – electronic storage rather than books/filing cabinets</li> <li>• Stationery costs are lowered – less need for pens/paper/accounts books as the system will store the accounts which can be printed only when needed.</li> <li>• Fast access to records – system can be searched saving time when compared to looking through accounts manually</li> </ul> <p><b>Drawbacks:</b></p> <ul style="list-style-type: none"> <li>• Jen and any staff will need to be trained to use the system – this will increase costs</li> <li>• Staff may not like changing to computerised systems/may not trust new systems – and resist change/not want to undertake training</li> <li>• <i>Drumz'n'Stix</i> will be relying heavily on technology – computers can breakdown/crash/files can corrupt/there may be security issues when storing data – this may adversely affect <i>Drumz'n'Stix</i></li> <li>• <i>Drumz'n'Stix</i> are a small business who could manage accounting manually – the cost of a computerised system could be greater than the advantages it brings.</li> </ul> <p>1 mark for identifying an appropriate benefit/drawback (x2) Up to 2 marks each for offering some development of the benefit/drawback which may take the form of a</p>	(8)	AO1 x 2 AO2 x 2 AO3 x 4

	<b>reason and /or consequence cause etc. 1 mark for placing some value/importance/significance on the benefit/drawback.</b>		
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Question Number	Answer	AO and Mark
*6	<ul style="list-style-type: none"> <li>• The Acid Test ratio shows <math>2750/1800 = 1.52:1</math>.</li> <li>• The Current Ratio shows <math>(2750 + 1500)/1800 = 4250/1800 = 2.36:1</math>.</li> <li>• A ratio greater than 1:1 indicates that current liabilities can be met from current assets</li> <li>• These both indicate that <i>Drumz'n'Stix</i> can easily pay its debts as they fall due.</li> <li>• Jen will need to know that her business is liquid before committing herself to any ideas of expansion</li> <li>• A liquid business generally has more financial flexibility to take on new opportunities.</li> <li>• By studying the liquidity ratios of <i>Drumz'n'Stix</i> Jen can to check whether she has sufficient financial resources to meet her liabilities at present – is she in a position to pay her debts now before thinking about expansion?</li> <li>• Jen is considering selling/advertising online which may increase her sales, but may also mean increasing her stockholding if she has to fulfil orders quickly.</li> <li>• <i>Drumz'n'Stix</i> current ratio, a comparison of current assets to current liabilities, will be particularly important to Jen if she is thinking of getting credit from her suppliers to increase her stock.</li> <li>• Low values for the current ratio or acid test ratios (values less than 1) would indicate that Jen may have difficulty meeting current obligations, but both ratios are greater than 1:1 indicating that Jen's business is liquid.</li> <li>• To get a true picture Jen should compare today's ratios to last year's or a compilation of several years' records if available to help chart progress and plan for the future.</li> </ul>	<p>AO1 x 2 AO2 x 2 AO3 x 6</p> <p>(10)</p>

Level	Mark	Descriptor
No mark	0	Unsupported answers such as 'Yes she does have enough liquidity to start the business'
Level 1	1 – 3	<p>For one mark the candidate may have attempted to calculate one or both of the ratios (these may be inaccurate or the wrong ratio given).</p> <p>For two marks the candidate will have calculated both ratios, at least one being accurate or calculated two incorrectly with some interpretation of each (OFR).</p> <p>A further mark may be awarded for a simple judgement based on their calculations such as e.g. "They are doing well/they are liquid/the business is in good health/it is not safe" (OFR will apply) or explaining the relevance/meaning of the ratios.</p> <p>The quality of written communication may 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	4-5  6-7	<p>Candidate has attempted both ratio calculations, has correctly calculated at least one and briefly commented on both (OFR). A simple judgement may be made e.g. 'She shouldn't expand her business because at the moment her liquidity is pretty low'.</p> <p>Answers at this level will tend to assume that the expanding will be possible/not possible with no consideration of her considering taking a risk.</p> <p>Candidate has correctly calculated both ratios and attached some value/importance to these ratios. Conclusions and judgements will have more depth e.g. 'I would not recommend that Jen expands because her liquidity isn't high enough – if she is unable to sell her stock she will be unable to pay off her debts. She should boost her ratios before considering investments'.</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 as confidently used as that in level 3.</p>
Level 3	8 – 10	<p>Data has been used correctly and judgements justified.</p> <p>Acid Test and Current Ratios will be calculated and interpreted correctly to show that DNS is liquid. Candidates may consider that expanding a business can be risky but may have excellent payback.</p> <p>At the top end the candidate may realise that Jen should compare today's ratios to last year's or a compilation of several years' records if available to help chart progress and plan for the future.</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</p>

		<b>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.</b>
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Order Code UG023419 Summer 2010

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