

Mark Scheme (Results)

June 2011

GCSE Applied Business (5AB02)
Paper 01

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June 2011

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response

Question Number	Answer	Mark
1 (a) (i)	Cinequip Unit 23 Britannia Industrial Estate Bristol BS2 7YE	1
1 (a) (ii)	5673	1
1 (a) (iii)	500	1
1 (a) (iv)	Hot Dog Bags	1
1 (a) (v)	123 25 in both boxes	1
1 (a) (vi)	338 20 Figures MUST be pounds and pence and so 338 20. 338 2 is not acceptable	1
1 (a) (vii)	Immediate / ASAP	1

Question Number	Answer	Mark																					
<p>1(b)(i)</p> <p>AO1 x 3 AO2 x 2</p>	<table border="1" data-bbox="354 338 1216 622"> <thead> <tr> <th>Qty.</th> <th>Description</th> <th>Unit Price (£)</th> <th>Total Price (£)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pro-X Professional 3D Glasses</td> <td>70.00</td> <td>70.00</td> </tr> <tr> <td>2</td> <td>GEMS Disposable 3D Glasses</td> <td>15.00</td> <td>30.00</td> </tr> </tbody> </table> <p>(1 for both) (1 for both)</p> <table border="1" data-bbox="778 680 1216 860"> <tbody> <tr> <td>Goods total</td> <td>100.00</td> </tr> <tr> <td>VAT @ 20%</td> <td>20.00</td> </tr> <tr> <td>TOTAL</td> <td>120.00</td> </tr> </tbody> </table> <p>(1 OFR) (1 OFR) (1 OFR)</p> <p>Round pounds acceptable, e.g. 70</p>	Qty.	Description	Unit Price (£)	Total Price (£)	1	Pro-X Professional 3D Glasses	70.00	70.00	2	GEMS Disposable 3D Glasses	15.00	30.00	Goods total	100.00	VAT @ 20%	20.00	TOTAL	120.00	(5)			
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<p>1(b)(ii)</p> <p>AO2 x 2</p>	<p>1 mark for effect and 1 mark for consequence/development.</p> <p>FSC will lose cash/money/profit (1) of £18/accounts will not be accurate/may not use business in future (1)</p>	(2)																					
<p>2(a)</p> <p>AO2 x 3</p>	<table border="1" data-bbox="397 1205 1291 1424"> <thead> <tr> <th>Type of liability</th> <th>Current liabilities</th> <th>Long term liabilities</th> </tr> </thead> <tbody> <tr> <td>Bank loan</td> <td></td> <td>/</td> </tr> <tr> <td>Debts owed to suppliers</td> <td>/</td> <td></td> </tr> <tr> <td>Electricity and heating costs</td> <td>/</td> <td></td> </tr> </tbody> </table>	Type of liability	Current liabilities	Long term liabilities	Bank loan		/	Debts owed to suppliers	/		Electricity and heating costs	/		(3)									
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<p>2(c)</p> <p>AO2 x 3</p>	<p>1 mark for formula: Current Assets – Current Liabilities 1 mark for correct figures in formula 1 mark for correct calculation which involves subtraction: assets – liabilities (OFR)</p> <p>Working capital = Current Assets - Current Liabilities (1) £6 000 – £5 000 (1) Working Capital = £1 000 (1)</p>	<p>(3)</p>
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Question Number	Answer	Mark				
<p>3(a)</p> <p>AO2 x 2</p>	<p>One mark for the purpose, which is not simply a tautology, and one for development.</p> <p>e.g. The Profit and Loss Account shows the profit or loss of FSC over a given period of time e.g. 3 months, 1 year, etc. (1) It describes how the profit or loss arose – e.g. categorising costs between cost of sales and operating costs/it shows both revenues and costs (1)</p> <p style="text-align: right;">(1+1)</p>	<p>(2)</p>				
<p>3(b)</p> <p>AO2 x 2</p>	<p><i>The answer should reflect that the question focuses on THIS P and L account</i></p> <p>One mark for the why and one for development</p> <p>The suppliers of FSC are interested in the Oldport P and L account as it shows whether the branch is likely to survive/stay open/continue/expand (1) – because the P and L shows the profitability/success of FSC/whether FSC will stay in business/continue to order stock (1)</p> <p style="text-align: right;">(1+1)</p>	<p>(2)</p>				
<p>3(c)</p> <p>AO1 x 2 AO2 x 2</p>	<p>1 mark for both correct calculations 1 mark for both correct percentages</p> <table border="1" data-bbox="355 1693 967 1899"> <tr> <td>$\frac{80\,000}{230\,000} \times 100$</td> <td>34.8% OR 34.78% OR 35%</td> </tr> <tr> <td>$\frac{57\,750}{230\,000} \times 100$</td> <td>25.1% OR 25%</td> </tr> </table>	$\frac{80\,000}{230\,000} \times 100$	34.8% OR 34.78% OR 35%	$\frac{57\,750}{230\,000} \times 100$	25.1% OR 25%	<p>(4)</p>
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<p>(3d)</p> <p>AO1 x 2 AO2 x 2 AO3 x 4</p>	<p>The aim here is for candidates to assess how both profitability and liquidity ratios would be useful to FSC if it is considering if spending on improvements. Candidates are asked to use the profitability ratios given for 2009 plus those they have calculated for 2010, plus the liquidity ratios given for 2009 and 2010.</p> <p>Lower level candidates may give a theoretical answer showing knowledge of how liquidity ratios show the ability to pay short term debts and profitability ratios show performance and overall efficiency.</p> <p>Better candidates will use the ratios and may also consider the following as part of their answer:</p> <ul style="list-style-type: none"> • The Gross Profit Percentage has increased from 33.3% to 34.8% (OFR), the Net Profit Percentage has increased from 18% to 25.1% (OFR). Profitability of their branch at Oldport has therefore increased since they added 3D screens in 2010. Further improvements may therefore increase this further. • Current Ratio has increased from 1:1 to 1.2:1, Acid Test Ratio has increased from 0.75:1 to 1:1. • These liquidity ratios show that debts can be paid as they fall due, liquidity is better in 2010 than in 2009 but is still very close to 1:1, it would be better if this were higher e.g. 1.5:1. • Further improvements will be costly and liquidity could be further affected. • Ratios are only indicators. 		
Level	Mark	Descriptor	
No mark	0	Non-rewardable material. No mark is to be awarded if the candidate makes a basic statement without any assessment i.e. Ratios will be useful to the cinema	
Level 1	1 – 2	<p>An answer which focuses on either profitability or liquidity only, giving a simple judgement with no support (i.e. profit margin in 2010 is better than in 2009).</p> <p>A list of bullet points will gain a maximum of 2 marks assuming they are relevant.</p>	
Level 2	3 – 5	<p>Candidate addresses both profitability and liquidity ratios and makes judgments about both and offers some support which includes at least <u>one</u> reason/cause/consequence.</p> <p>At the middle of the level the answer will make some reference to</p>	

		<p>either liquidity or profitability and how it impacts on the decision to improve its 3D screens with some simple support.</p> <p>At the top of the level, reference is made to the context in relation to both liquidity and profitability.</p>
Level 3	6 - 8	<p>Candidate addresses both profitability and liquidity ratios giving a judgement with some support in the form of at least <u>two</u> reasons/causes/consequences etc.</p> <p>At the middle of the level the candidate makes a direct link to the ratios and FSC's ability to improve its 3D screens. Some assessment will be given in the form of some counterbalancing factor such as a con/disadvantage/cost etc. Or uses the 'it depends' rule.</p> <p>At the top of the level a conclusion will be offered which directly relates to the question and uses the analysis to provide a coherent summary of the analysis.</p>

Question Number	Answer	Mark
<p>4</p> <p>AO1 x 4</p>	<p>1 mark for correct identification of each up to a maximum of 4 marks (1 x 4)</p> <p>Start up</p> <ul style="list-style-type: none"> • Bar Fittings and fixtures • Initial advertising • Seating <p>Running</p> <ul style="list-style-type: none"> • Ongoing advertising • Utility bills • Wages 	(4)

Question Number	Answer	Mark
<p>5(a)</p> <p>AO1x 2</p>	<p>Two advantages from:</p> <ul style="list-style-type: none"> • Credit card allows a customer to defer payment/spread payments/doesn't come straight from his bank account • Customer does not need to have the amount in his bank account • Customer has one month to pay bill before interest is added to the amount owing • Customer can save up to pay bill • Customer may gain reward points <p style="text-align: right;">(1 x 2)</p>	<p>(2)</p>
<p>5(b)</p> <p>AO2x 2</p> <p>AO3 x 2</p>	<p>1 mark each for the advantage/disadvantage plus 1 mark each for development</p> <p style="text-align: right;">(2 x 2)</p> <p>Advantages – any one from:</p> <ul style="list-style-type: none"> • No deduction is taken by the bank for the transaction (1) - they therefore receive full value of sale (1) • Immediate payment/cash can be used immediately by the business (1) – credit card transactions take an amount of time to reach the account (1) • Specialist chip and pin equipment is not needed/business does not have to purchase/rent chip and pin machines (1) – therefore less costly for the business (1) <p>Disadvantages - any one from:</p> <ul style="list-style-type: none"> • Less secure/risk of theft (1) - Need to purchase safe/secure storage (1) • Cash has to be transported to the bank (1) – this takes time/costs money (1) • Human error when handling cash (1) – wrong change can be given (1) <p>NB Both cash and credit cards could be fraudulent</p>	<p>(4)</p>

Question Number	Answer	Mark
<p>6</p> <p>AO1 x 2 AO2 x 2 AO3 x 4</p>	<p><i>FSC plc has decided it will no longer accept cheques from its customers in payment for cinema tickets and other goods. One reason for this decision is that many people now book cinema tickets online and pay electronically.</i></p> <p>Possible effects the decision to no longer accept cheques might have on <i>FSC plc</i> could be e.g.</p> <p>Time will be saved/staff costs cut. Cheques are time consuming/labour intensive but this decision means that cheques no longer have to be physically paid into a bank. 'Plastic' transactions have little administration, whereas staff would have to count process and manually handle cheques, all of which costs time and money.</p> <p>Cheques are expensive - money may be saved as cheques can cost up to £1 each to process, and cheques that are refused incur a charge for both the customer/payee and the business/drawer.</p> <p>As cheques have become a less favoured method of payment with customers and it is expected that cheque usage will continue to fall (now used for less than one in 25 purchases) <i>FSC</i> may feel that a decision to not accept cheques would not really affect or deter customers, or restrict choice.</p> <p>There may be little effect as there is a trend moving away from cheques - many retailers have stopped accepting cheques e.g. Tesco, Marks and Spencer, Asda, Argos, Boots, Debenhams, Next, Sainsbury's, WH Smith, Shell, Currys and PC World and customers accept this.</p> <p>Although refusing to accept cheques may mean turning away business cheques are mainly used by the older generation. Many younger people do not have cheque books using only 'plastic' (most under-30s now barely use cheques, while the under-20s have barely heard of them) and these younger people are the main target market for a cinema.</p> <p>Some customers may prefer to pay by cheque if they are paying for a large group e.g. a school party or an organisation.</p> <p>Declining cheques will limit customer service/choice and may reduce trade.</p> <p>Costs may rise as <i>FSC</i> will need to own or rent chip and pin hardware to accept 'plastic'. This incurs set up and staffs training costs plus a purchase/rental charge. Banks then charge a fee for each transaction.</p>	<p>(8)</p>

		If customers pay by cash it will need to be stored/counted/transported to a bank. This takes time and costs money.	
Level	Mark	Descriptor	
No mark	0	Non-rewardable material	
Level 1	1 – 2	<p>At the bottom end one or two relevant effects are given with no further development e.g. 'FSC wouldn't have to take cheques to the bank anymore' would be awarded one mark.</p> <p>Another route to the marks would be to identify one relevant effect with some development in the form of at least <u>one</u> reason/cause/consequence – e.g. 'There wouldn't be any real effect because most people going to the cinema wouldn't use a cheque' or 'People who use cheques may be upset and decide to use another cinema' would gain 2 marks. There can be a maximum of 3 marks for this effect if the development is relevant – one mark per link.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation and grammar errors.</p>	
Level 2	3 – 5	<p>Two relevant effects are identified in the context of FSC cinema with some development for each i.e. offering at least one reason/cause/consequence in support at the middle of the level.</p> <p>e.g. 'No longer accepting cheques will be good for the business because cheques have to be transported to the bank, this takes up the time of a member of staff and this costs them money. It will also be good because most people who go to cinemas would have a debit card which means that the cinema gets its payment electronically without waiting for a cheque to clear'.</p> <p>At the top of the level the answer will be in context and focus not only on no cheques but also on electronic payments or will offer some balance to the effect they have identified.</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.</p>	
Level 3	6 - 8	Candidates will give two reasonable effects of FSC's decisions to	

	<p>refuse cheques from customers and the implication of moving to an online/electronic form of payment. They will put the use of cheques as a payment firmly into the context of <i>FSC</i> and the target market this cinema would attract offering fully developed answers with at least two reasons/causes/consequences in support.</p> <p>At this level candidates will balance out the answer and it will be in context.</p> <p>E.g. 'Mostly younger people would use the cinema and these customers would be unlikely to use cheques as few young people have a cheque book. These younger customers would be used to businesses not accepting cheques and so paying using cards or cash or even booking online would be usual. This means that <i>FSC</i> would not notice any difference to their trade. On the other hand they could lose some customers who prefer to pay by cheque as these could go elsewhere to the cinema and this could mean a drop in trade and sales revenue for <i>FSC</i> which could cause problems for the business.</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 candidate will have structured their answer clearly and coherently, using appropriate terminology.</p>
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