

Mark Scheme (Results)

Summer 2012

GCSE Applied Business (5AB02)  
Paper 01

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Q	Answer	Mark	AOs																									
1a	<p>1 mark for address 1 mark for each correct row x 3 1 mark for final balance</p> <p style="text-align: center;"><b>Statement of Account for: Beachcroft Ltd Cleppa Grove Portishead Somerset PH12 5FR</b></p> <table border="1"> <thead> <tr> <th>Date</th> <th>Description</th> <th>Charges £</th> <th>Credits £</th> <th>Account Balance £</th> </tr> </thead> <tbody> <tr> <td>31/06/2012</td> <td>Balance brought forward</td> <td></td> <td></td> <td>165.00</td> </tr> <tr> <td>05/05/2012</td> <td>Hire of conference rooms</td> <td>240.00</td> <td></td> <td></td> </tr> <tr> <td>05/05/2012</td> <td>Refreshments</td> <td>60.00</td> <td></td> <td></td> </tr> <tr> <td></td> <td colspan="3" style="text-align: right;"><b>Final Balance</b></td> <td>465.00</td> </tr> </tbody> </table>	Date	Description	Charges £	Credits £	Account Balance £	31/06/2012	Balance brought forward			165.00	05/05/2012	Hire of conference rooms	240.00			05/05/2012	Refreshments	60.00				<b>Final Balance</b>			465.00	(5)	AO1 x 5
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1b	<p>1 mark for each of the following:</p> <ul style="list-style-type: none"> <li>• Date: date of exam</li> <li>• Payee: Linens Unlimited</li> <li>• Amount in words and figures: £241</li> </ul>	(3)	AO1 x 3																									
2a	<p>This is a 2 x 3 mark question. Possible benefits of paying by credit card as opposed to cheque might include:</p> <ul style="list-style-type: none"> <li>• Defers payment</li> <li>• Facilitates online payment</li> <li>• Helps with budgeting</li> </ul> <p>Accept any relevant benefits of using credit cards but development must include some comparison with cheque payments.</p>	(6)	AO1 x 2 AO2 x 2 AO3 x 2																									
2b	<p>This is a 2 x 3 mark question. Possible advantages of using direct debit might include:</p> <ul style="list-style-type: none"> <li>• Ensures payment is made on time</li> <li>• Can help cash flow/can help Kim to budget</li> <li>• More convenient</li> </ul> <p>Accept any relevant benefits of using a direct debit to pay utility bills.</p>	(6)	AO2 x 2 AO3 x 4																									

<b>3a</b>	I mark for date and invoice number 1 mark for guest name and company address 6 x 1 marks for invoice figures (No OFR) Figures should show round pounds e.g. 130 or 130.00. 51.8 and 310.8 are not acceptable. See invoice	<b>(8)</b>	<b>A01 x 2</b> <b>A02 x 6</b>
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**The Kimberley Hotel**

Barry Close  
 Stockham  
 ST1 7YH  
 Tel: 01443 112488  
 VAT Reg No. 3562789

Invoice Date: 30/05/2012
Invoice Number: 3562

date and invoice number (1)

**Invoice to:**  
 Beachcraft Ltd  
 Cleppa Grove  
 Portishead  
 Somerset  
 PH12 5FR

**Date of Stay:** 3 – 5th May 2012

**Name of Guest:** Phil Smith

Address and name of

guest (1)

Number of Nights	Rate per Night (£)	Total (£)	
2	65	130.00	(1)
1	60	60.00	(1)
<b>Total Accommodation Cost</b>		190.00	(1)
<b>Meals</b>		50.00	
<b>Drinks</b>		19.00	
<b>Sub Total</b>		259.00	(1)
<b>VAT at 20%</b>		51.80	(1)
<b>Total to Pay</b>		310.80	(1)

<b>3b</b>	1 mark for reason and 1 mark for appropriate development with reference to the Kimberley Hotel i.e. applied to particular area/strategy e.g. 'increasing prices in the bar or restaurant'.	<b>(2)</b>	<b>AO2 x 2</b>
<b>3c</b>	<p>1 mark for an appropriate stakeholder</p> <p>Possible stakeholders include:</p> <ul style="list-style-type: none"> <li>• Suppliers</li> <li>• Bank</li> <li>• Kim and Mario/owners</li> <li>• Staff/employees</li> <li>• Government</li> </ul> <p>Do not accept shareholders (as per scenario) or lenders (no reference to having loans in scenario) as valid examples</p>	<b>(1)</b>	<b>AO1 x 1</b>
<b>3d</b>	<p>1 mark for why they are interested, 1 mark for development and 1 mark for showing understanding of financial performance</p> <p>For example</p> <p>The staff are employed by the business (1) and they will want the business to continue to employ them/pay them (1) but they may lose their jobs if the business is making a loss/closes down/is performing poorly (1)</p> <p>NB Although Lender is not a valid stakeholder in this case, accept the explanation even if this given stakeholder is inappropriate</p>	<b>(3)</b>	<b>AO1 x 1 AO2 x 1 AO3 x 1</b>
<b>4a</b>	<p>This is a 2 x 3 breakdown.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> <li>• Calculations can be made automatically and more accurately</li> <li>• A computerised system produces documents with different presentation as required e.g. graphs and charts</li> <li>• Multiple copies of business documents can be made/distributed</li> <li>• Business documents can be made to look more professional</li> <li>• Business documents and information can be sent electronically</li> </ul>	<b>(3x2)</b>	<b>AO1 x 2 AO2 x 4</b>

	<ul style="list-style-type: none"><li>• Information can be instantly accessed as required</li></ul> <p>Accept any other appropriate advantage for preparing financial statements</p>		
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Question Number	Answer	Mark	AOs
4b	<b>1 mark each for</b> <ul style="list-style-type: none"> <li>Total Sales</li> <li>Cost of Sales</li> <li>Gross Profit</li> <li>Total Expenses</li> <li>Net Profit</li> </ul>	(4)	A02 x 4

<i>The Kimberley Hotel</i> <b>Profit and Loss Account for the year ended  31st December 2011</b>		
	2011 £	
<b>Sales</b>		
Hotel Rooms		70 000
Bar and Restaurant		80 000
Conference Rooms		50 000
<b>Total Sales</b>		<b>200 000 (1)</b>
Cost of Sales	150 000	
<b>Gross Profit</b>		<b>50 000 (1)</b>
<b>Less Expenses</b>		
Rent, Rates and Insurance	6 000	
Wages and Salaries	9 250	
Light, Heat and Power	3 500	
Telephone and Broadband	1 250	
<b>Total Expenses</b>		<b>20 000 (1)</b>
<b>Net Profit</b>		<b>30 000 (1)</b>

5a	1 mark for correct answer x 2.  <b>See Below</b>	<b>(2)</b>	<b>AO2 x 2</b>												
<table border="1"> <thead> <tr> <th data-bbox="416 365 635 405">Ratio</th> <th data-bbox="635 365 971 405">Calculation %</th> <th data-bbox="971 365 1174 405"><u>2010</u></th> <th data-bbox="1174 365 1342 405"><u>2011</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="416 405 635 510">Gross Profit Margin</td> <td data-bbox="635 405 971 510"><math>\frac{\text{Gross Profit} \times 100}{\text{Sales}}</math></td> <td data-bbox="971 405 1174 510">35%</td> <td data-bbox="1174 405 1342 510">25%</td> </tr> <tr> <td data-bbox="416 510 635 616">Net Profit Margin</td> <td data-bbox="635 510 971 616"><math>\frac{\text{Net Profit} \times 100}{\text{Sales}}</math></td> <td data-bbox="971 510 1174 616">12%</td> <td data-bbox="1174 510 1342 616">15%</td> </tr> </tbody> </table>				Ratio	Calculation %	<u>2010</u>	<u>2011</u>	Gross Profit Margin	$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$	35%	25%	Net Profit Margin	$\frac{\text{Net Profit} \times 100}{\text{Sales}}$	12%	15%
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5b	<p>This is a 2 x 3 mark question. 1 mark for the change and 2 marks for developments of the reasons why this may have happened.</p> <p>GPM – has fallen/ from 35% to 25%/has fallen by 10%. This could be due to:</p> <ul style="list-style-type: none"> <li>• Decrease in sales</li> <li>• Decrease in prices charged</li> <li>• Less rooms let</li> <li>• Fewer conferences run etc.</li> <li>• Rise in cost of sales</li> <li>• More expensive suppliers</li> <li>• Rising price of raw materials etc.</li> </ul> <p>NPM – has risen from 12% to 15%/ has risen by 3%. This could be due to:</p> <ul style="list-style-type: none"> <li>• Decrease in fixed costs and/or expenses</li> <li>• Decrease in cost of utilities</li> <li>• Decreased payments to employees</li> <li>• Lower bank fees etc.</li> </ul> <p>Accept any appropriate development of reasons given.</p>	<b>(6)</b>	<b>AO1 x 2 AO2 x 4</b>												
5c	<p><b>1 mark for calculation + 1 mark for value</b></p> <p>(Current Assets + Fixed Assets) – Current Liabilities Money in bank – debts = working capital <b>(£25 000 - £20 000) = £5 000</b></p>	<b>(2)</b>	<b>AO2 x 2</b>												



Q	Answer	Mark	AO
*6	<p>The aim here is for candidates to evaluate the benefit of Kim using ratios in monitoring the success of her business. There is no right answer to the question. Look for the quality of the evaluation in judging the answer.</p> <p>Candidates might consider the following possible ideas as part of their answer but the evaluation may focus purely on the strengths of the benefits without considering any drawbacks:</p> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Ratios show how profitable <i>The Kimberley Hotel</i> is</li> <li>• They are a measure of overall performance</li> <li>• Ratios can be used to examine how well <i>The Kimberley Hotel</i> is operating</li> <li>• Profitability ratios can be used to compare current performance to past records</li> <li>• Can be used to compare performance to other hotels</li> </ul> <p>Any other appropriate benefit</p> <p><b>Drawbacks:</b></p> <ul style="list-style-type: none"> <li>• Ratios need to be looked at in conjunction with other information/are useless in isolation</li> <li>• Ratios need to be compared over time to identify trends</li> <li>• Changes in the product mix/inflation can make comparisons problematic</li> <li>• Ratios do not tell <i>The Kimberley Hotel</i> what is going right or wrong</li> <li>• They do not show how <i>The Kimberley Hotel</i> has earned its money</li> <li>• Ratios are based on historic data</li> <li>• Ratios are only as reliable as the data used to calculate them</li> <li>• Levels of customers at <i>The Kimberley Hotel</i> may vary according to season. If the ratios are based on a monthly P and L they can be misleading if <i>The Kimberley Hotel</i> generates the majority of its revenue in certain months</li> </ul> <p>Any other appropriate drawback.</p>	(6)	AO1 x 2 AO2 x 1 AO3 x 3

<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
<b>No mark</b>	<b>0</b>	Non-rewardable material.
<b>Level 1</b>	<b>1 - 2</b>	Basic references will be made to liquidity and profitability ratios. At the bottom of this level the candidate will consider either profitability or liquidity ratios. At the top of the level the candidate will consider both ratios. A simple statement is made on what each is. Judgements will be simplistic, e.g. 'ratios tell them how successful/well the business is doing'. The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.
<b>Level 2</b>	<b>3-4</b>	At the bottom of this level there will be some development of either profitability or liquidity ratios. At the top of the level the candidate will give benefits of both liquidity and profitability ratios with some development of each. Alternatively the candidate will give the benefits of either liquidity or profitability ratios with good development. 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.
<b>Level 3</b>	<b>5-6</b>	At this level some value will be placed on the use of ratios in monitoring the success of the business. At the top of the level there will be some balance that considers both types of ratio. 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 that the candidate has structured their answer clearly and coherently, using appropriate terminology.



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