

Mark Scheme (Results)

Summer 2014

Pearson Edexcel GCSE
in Applied Business (5AB02)
Paper 01: Financial Records

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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	AO
1a	A	1	AO1
1b	C	1	AO1
1c	D	1	AO1
1d	A	1	AO1

1e

Qty	Item Description	Order code	Case Size	Case Price		Total Price		
				£	p	£	P	
5	Premium Ultralight Silicone Wristband (adult)	PUSW A	1 000	1 900	00	9 500	00	(1)
3	Ultralight Oval Keyfobs	UOK	500	290	00	870	00	(1)
Goods Total						10 370	00	(1)
5% Discount						518	50	(1)OFR
Subtotal						9 851	50	(1)OFR
VAT @20%						1 970	30	(1)OFR
Total to pay						11 821	80	(1)OFR

A maximum of 6 marks can be gained if OFR is applied.

Total 7 marks AO2

1(f)	<p>1 mark for a possible benefit to <i>ELUK</i> of paying the supplier online and 2 marks for development:</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> safer/more secure (1) as they don't have to handle cash (1) which reduces the risks (1) can use the facility 24/7 (1) and so does not have to wait for the business to open (1) which is more convenient (1) can pay the bill without having to send cheques (1) so do not have to pay for postage (1) which means less expense for the business (1) can transfer funds electronically (1) which means payment is virtually instant (1) which keeps the business accounts up to date (1) <p>Do not accept 'faster' 'easier' or 'saves time' without further clarification</p> <p>Accept any other appropriate answer for paying a UK supplier</p>	(3)	AO2 x 2 AO3 x 1
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2a	Assets		Fixed	Current	(5)	AO1 x 5
	Cash			<input checked="" type="checkbox"/>		
	Speakers and microphones		<input checked="" type="checkbox"/>			
	Money in bank			<input checked="" type="checkbox"/>		
	Stock of NFC bands			<input checked="" type="checkbox"/>		
Computers		<input checked="" type="checkbox"/>				
2b	Liabilities		Current	Long-term	(3)	AO1 x 3
	Bank loans			<input checked="" type="checkbox"/>		
	Money owed to suppliers		<input checked="" type="checkbox"/>			
	Internet bills		<input checked="" type="checkbox"/>			
3a	<p>1 mark for each disadvantage to <i>ELUK</i> plus up 2 marks for development x 2</p> <ul style="list-style-type: none"> • Security implications (1) such as having to keep money in a safe to prevent theft (1) and employ a security firm to transport the cash to the bank (1) • Forged notes (1) which will not be accepted by the bank (1) which will affect their profits (1) • Cash handling required (1) as people required to count tills/make up floats/queues may form (1) which costs <i>ELUK</i> in wages/sales (1) • Need for huge float volumes (1) so staff will have to count/distribute cash around outlets in festival (1) which costs the business in wages (1) <p>Accept any other appropriate answer</p>				(6)	AO2 x 4 AO3 x 2
3b	1 mark for correct answer x 5				(5)	AO1 x 5
	Cost		Start up	Running		
	Stock of NFC bands			<input checked="" type="checkbox"/>		
	NFC terminals		<input checked="" type="checkbox"/>			
	Payment to internet supplier			<input checked="" type="checkbox"/>		
	Computer		<input checked="" type="checkbox"/>			
Electricity bills			<input checked="" type="checkbox"/>			
4ai	<p>1 mark for an appropriate stakeholder</p> <p>Possible stakeholders include:</p> <ul style="list-style-type: none"> • Suppliers • Bank/lenders/investors • Shareholders • Employees/owners/ managers • Customers • Competitors <p>Accept any other appropriate answer for a Ltd company</p>				(1)	AO1 x 1

4aii	<p>One mark for a reason plus one mark for development e.g.</p> <p>The staff will expect regular payment of wages (1) and they will want the business to continue to employ them (1)</p> <p>Accept any other appropriate answer related to the P&L account/ profitability</p>	(2)	AO2 x 2
4bi	<p>1 mark for an appropriate stakeholder, different from that given in 4ai.</p> <p>1 mark for an appropriate stakeholder</p> <p>Possible stakeholders include:</p> <ul style="list-style-type: none"> • Suppliers • Bank/lenders/investors • Shareholders • Employees/owners/managers • Customers • Competitors <p>Accept any other appropriate answer for a Ltd company</p>	(1)	AO1 x 1
4bii	<p>One mark for a reason plus one mark for development e.g.</p> <p>The suppliers will expect payment for goods (1) and they will want the business to be able to continue to pay them (1)</p> <p>Accept any other appropriate answer related to balance sheets/liquidity</p>	(2)	AO2 x 2
4c	<p>One mark for a disadvantage plus one mark for development e.g.</p> <ul style="list-style-type: none"> • Staff will need to be trained to use ICT systems (1) and this will cost money/time (1) • Errors can be made when inputting data/creating formulas (1) and these would affect the accuracy of the document/would be hard to spot/can take time to correct (1) • Hardware/software failure (1) could mean that ELUK may lose any work that is not backed up (1) <p>Accept any appropriate answer</p>	(2)	AO2 x 2

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Profit and Loss Account for ELUK Upload Festival			
	£	£	
Total Sales		83 000	(1)
Cost of Sales		25 150	(1)
Gross Profit		57 850	(1)
Expenses			
Wages and salaries	10 700		(1 both)
Staff Training	2 600		(1 both)
Light, Heat and Power	5 500		(1 both)
Telephone and Broadband	2 000		(1 both)
Total Expenses		20 800	(1)
Net Profit		37 050	(1 both)

(9)

AO2 x 9

Question Number	Answer	Mark	AO										
*6	<p>The aim here is for candidates to assess how useful this information is to ELUK when deciding whether to spend money on improving its campsite facilities. There are only two knowledge marks available. Simple statements and theory will limit the candidate to level one. To reach a high level it is essential that the candidate assesses the situation for ELUK.</p> <p><i>Indicative content:</i></p> <table border="1" data-bbox="261 618 1177 1265"> <thead> <tr> <th data-bbox="261 618 644 656">Profitability</th> <th data-bbox="644 618 1177 656">Liquidity</th> </tr> </thead> <tbody> <tr> <td data-bbox="261 656 644 728">Profitability has increased</td> <td data-bbox="644 656 1177 728">Liquidity has increased</td> </tr> <tr> <td data-bbox="261 728 644 907">The Gross Profit Percentage has increased from 31.3% to 35.3% - by 4%</td> <td data-bbox="644 728 1177 907">Current Ratio has increased from 1:1 to 1.3:1</td> </tr> <tr> <td data-bbox="261 907 644 1050">The Net Profit Percentage has increased from 17% to 24% - by 7%</td> <td data-bbox="644 907 1177 1050">Acid Test Ratio has increased from 0.8:1 to 1:1</td> </tr> <tr> <td data-bbox="261 1050 644 1265">Both percentages have increased showing that ELUK Ltd is more profitable in 2013</td> <td data-bbox="644 1050 1177 1265">Liquidity ratios show that debts can be paid as they fall due, liquidity is better in 2013 than in 2012 but is still very close to 1:1, it would be better if this were higher e.g. 1.5:1</td> </tr> </tbody> </table> <p>Conclusion: If they are considering the proposed improvements the figures suggest that they could further improve profitability as they may attract new customers, but liquidity will have to be watched, as it could be problematic.</p>	Profitability	Liquidity	Profitability has increased	Liquidity has increased	The Gross Profit Percentage has increased from 31.3% to 35.3% - by 4%	Current Ratio has increased from 1:1 to 1.3:1	The Net Profit Percentage has increased from 17% to 24% - by 7%	Acid Test Ratio has increased from 0.8:1 to 1:1	Both percentages have increased showing that ELUK Ltd is more profitable in 2013	Liquidity ratios show that debts can be paid as they fall due, liquidity is better in 2013 than in 2012 but is still very close to 1:1, it would be better if this were higher e.g. 1.5:1	(10)	AO1 x 2 AO2 x 2 AO3 x 6
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Level 1	1 - 3	<p>Candidates make lists/simple statements or show a basic knowledge of financial ratios.</p> <p>At the bottom of this level candidates will make a simple statement on one profitability or liquidity ratio.</p> <p>At the top of the level there may be an attempt at simple development of 2 or more statements or 3 or more simple statements are made e.g. The figures show that the business is doing well.</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>Reference to financial ratios will be made in the context of <i>ELUK Ltd</i> spending money on further improvements.</p> <p>At the bottom of this level candidates will make reference to profitability or liquidity with direction of movement/figures shown.</p> <p>At the top the level candidates are likely to have made use of both profitability and liquidity figures and carried out calculations to support their development. The answer will be balanced.</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 in Level Three.</p>
Level 3	8 - 10	<p>An assessment is made in context and a supported conclusion is drawn. Both profitability and liquidity will be discussed with some importance/value attached. Answers will be developed.</p> <p>At the bottom of this level the candidates will discuss both profitability and liquidity. A supported conclusion will be present. The answer may be unbalanced.</p> <p>At the top end of the level a balanced answer is given. A justified conclusion will be present.</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.</p>

