

Mark Scheme Summer 2009

GCSE

GCSE Applied Business (5308)

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Contents

1.	General Marking Guidance	4
2.	Paper 1 Business Finance	5

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.

Paper 1: Business Finance

Question Number	Answer	Mark
1(a)	Credit Card	(1)

Question Number	Answer	Mark
1(b)	Credit Card/Debit Card	(1)

Question Number	Answer	Mark
1(c)	Direct Debit	(1)

Question Number	Answer	Mark
1(d)	Cash	(1)
		Total 4 marks

Question Number	Answer	Mark
2(a)	<ul style="list-style-type: none"> • Security/buying a safe/buying a till/buying a cash register • Banking/having to go to the bank/cost of the account • Paying someone to handle the cash/cost of cash handling • Theft/cash could be stolen • Counterfeit notes could be passed 	<p>1 mark for cost</p> <p>(1)</p>

Question Number	Answer	Mark
2(b)	<ul style="list-style-type: none"> • Guaranteed payment/harder to defraud (1) - because the debit card will not 'bounce'/ they know the debit card payment has been made/the PIN makes it harder to defraud (1) • Speed of payment/immediate receipt (1) - payment received into the account sooner/cheques take days to clear (1) • Ease of handling (1) - quicker/easier to deal with at the counter/avoids having to pay cheques into the bank (1) • Pay over the phone (1) - quicker than cheque through the post/cheque may get lost (1) • More secure (1) - cheque may be fraudulent/cheque may get lost (1) 	<p>1 mark for advantage</p> <p>1 mark for outline</p> <p>(1 + 1) x 2 =</p> <p>(4)</p>

Question Number	Answer	Mark
2(c)	£58.75	(1)

Question Number	Answer	Mark
2(d)(i)	£148.08 (Award 1 mark for evidence that £12.34 has been identified as the key figure, ie 1 mark for wrong calculation using £12.34)	(2)

Question Number	Answer	Mark
2(d)(ii)	<ul style="list-style-type: none"> Less costly (1) - there is no fee payable to the credit card company/ a smaller fee payable/administration is cheaper with direct debit/no need to pay for chip & pin machine (1) 	1 mark for reason 1 mark for description (2)
		Total 10 marks

Question Number	Answer	Mark
3	See below: order number (1) address (county not required) (1) items being bought (3 x 1) total cost no OF (1) delivery terms (1)	1 mark for each item indicated (7)

Podgebury Kennels

Pepper Lane, Podgebury, PY3 9AC

PURCHASE ORDER

Order No: **718**

To

Annamay Ltd
125 Lavender Road
Melford
MD8 6FD

Please Supply

Item Description	Quantity	Reference Number	Unit Cost		Total Cost	
			£	p	£	p
Dog biscuits	24 boxes	DB 42	1	85	44	40
Rabbit food	12 bags	RF 12	1	25	15	00
Dog toys	20	DT 05	0	99	19	80
TOTAL					79	20

Delivery Terms:

Please deliver immediately

Total 7 marks

Question Number	Answer			Mark
4(a)		Start up	Running	1 mark for each cost (5)
	Heating equipment	X		
	Direct debit/British Gas		X	
	Filing cabinet	X		
	Decorating Reception	X		
	Visits from vet		X	

Question Number	Answer			Mark
4(b)	Fixed asset	Current asset	Liability	1 mark for each item (6)
	Heating equipment	(Stock of) paper	Bank loan	
	Filing cabinet	Cash (in Reception)	Payments owed/ British Gas & the vet	
Total 11 marks				

Question Number	Answer	Mark
5(a)	See below Rows labelled (1) All monthly amounts correct 3 x (1) Total Receipts £7 245 (1) no OFR	1 mark for each item (5)

All rows labelled (1)	2009	July (£)	August (£)	September (£)	(1) all 3 (1) all 3 (1) all 3 7 245 (1) no OF	
	Small animals	60	70	10		
	Dogs	2 000	2 200	500		
	Cats	400	550	125		
	Other receipts	500	610	220		
		2 960	3 430	855		

Question Number	Answer	Mark
5(b)(i)	<ul style="list-style-type: none"> Where to invest/how to use (1) - because there is a lot of surplus cash by the end of August (1) 1 mark for decision 1 mark for analysis (1 + 1)	(2)

Question Number	Answer	Mark
5(b)(ii)	<ul style="list-style-type: none"> How to raise extra cash/need to arrange an overdraft/reduce (September) costs/budget to cut costs (1) - because November shows a zero closing balance (1) (Reference to 'profit' is not acceptable) 1 mark for decision 1 mark for analysis (1 + 1)	(2)

Total 9 marks

Question Number	Answer	Mark
6(a)	See below (‘Net’ and ‘loss’ for the mark: indicating that the amount of the loss is negative, eg by minus sign or brackets, is not necessary. Do not accept ‘Net profit’ with a negative figure)	1 mark for each item (9)

for the three months **February, March and April 2009 / to April 2009 (1)**

<i>Sales</i>		<i>6 125</i>	<i>(1)</i>
<i>Cost of sales</i>		<i>845</i>	
<i>Gross Profit</i>		<i>5 280</i>	<i>(1)</i>
<i>Expenses:</i>			
<i>Wages</i>	<i>2 600</i>		<i>(1) both</i>
<i>Telephone, heat & light</i>	<i>1 230</i>		<i>(1) both</i>
<i>Advertising</i>	<i>445</i>		<i>(1) both</i>
<i>Vet/insurance</i>	<i>1 600</i>		<i>(1) both</i>
<i>Total Expenses:</i>		<i>5 875</i>	<i>(1) OFR</i>
<i>Net loss</i>		<i>595</i>	<i>(1) both (no OFR)</i>

Question Number	Answer	Mark
6(b)(i)& (ii)	<p><u>Tybi</u></p> <ul style="list-style-type: none"> Tybi wants job security/relies on <i>The Kennels</i> to earn a living (1) - P & L shows whether <i>The Kennels</i> is profitable/whether it is making enough profits/whether it is likely to survive (1) - this P & L shows a loss OFR so Tybi's job may be at risk (1) <p><u>Peta</u></p> <ul style="list-style-type: none"> Peta needs to use a kennels/relies on <i>The Kennels</i> to leave her dog (1) - the P & L shows whether <i>The Kennels</i> is profitable/whether it is making enough profits/whether it is likely to survive (1) - this P & L shows a loss OFR so Peta may have to look elsewhere (1) 	<p>1 mark for relevance to Tybi / Peta</p> <p>1 mark for role of any P & L</p> <p>1 mark for relevance of this P & L</p> <p>(1 + 1+ 1) x 2 = (6)</p>
		Total 6 marks

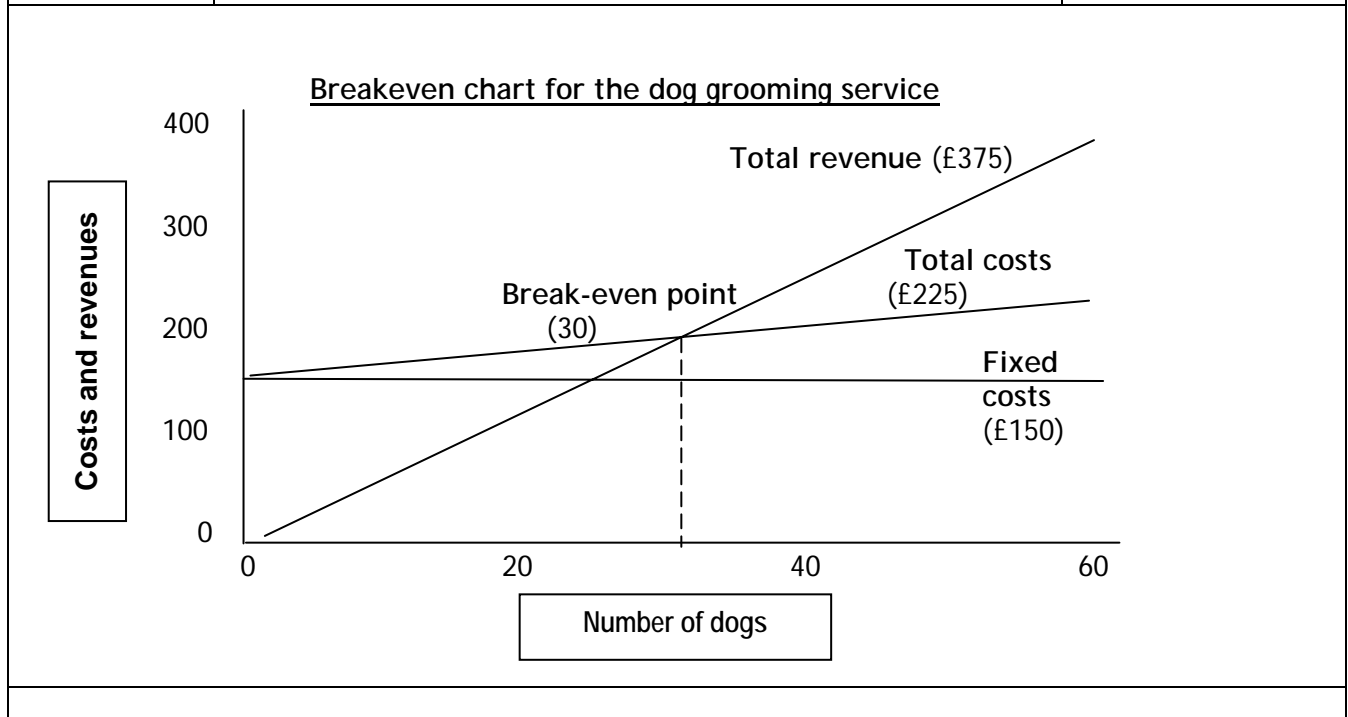
Question Number	Answer	Mark
7(a)	<ul style="list-style-type: none"> • Staff training • Additional software • Computer stationery • Virus protection software • Extra staff to use the system • Internet costs • Power costs/electricity • Computer repairs 	<p>1 mark for cost</p> <p>(1)</p>

Question Number	Answer	Mark
7(b)	<ul style="list-style-type: none"> • Work is completed faster (than with a manual system) (1) - this saves time/reduces costs/increases profits/increases efficiency (1) • Work is more accurate (than a manual one) (1) - it is easier to 'prove' balances/one entry updates several records with the same figure/transcription errors are less likely/complex calculations are carried out (1) • Easier to find information (1) - because stored electronically (1) • More secure (1) - password protected/backups are possible (1) • Easier/cheaper to store information (than with a manual system) (1) - because it is now stored electronically (1) • Reduced labour costs (1) - fewer staff are needed/less time is needed (1) • Saves space (1) - stored electronically/no filing cabinets needed (1) • Easier to send email (1) - a manual system is not linked to a computer (1) 	<p>1 mark for advantage</p> <p>1 mark for comparison with a manual system</p> <p>(The comparison and advantage marks are interchangeable, depending on how candidates structure their answers)</p> <p>(1 + 1) x 2 =</p> <p>(4)</p>
		Total 5 marks

Question Number	Answer	Mark
8(a)	<u>Shampoo</u> Variable (1) - because the cost changes as the number of dogs groomed changes/the cost varies with sales/varies with output (1)	1 mark for cost 1 mark for description (1 + 1) (2)

Question Number	Answer	Mark
8(b)	<u>Tybi's wages</u> Fixed (1) - because Tybi works fixed hours/Tybi's pay does not depend on the number of dogs being groomed/not depend on sales or output (1)	1 mark for cost 1 mark for description (1 + 1) (2)

Question Number	Answer	Mark
8(c)	See below 3 x 1 lines plotted and fully labelled heading and axes labelled break-even point labelled at 30 (or OFR where total revenue = total costs)	3 x 1 marks 1 mark 1 mark (5)



Question Number	Answer	Mark
8(d)	<p><u>Description</u></p> <ul style="list-style-type: none"> Sandy and Otto earn less per dog groomed/the contribution per dog has fallen <p>(Answer must do more than simply repeat the stem information for the mark)</p> <ul style="list-style-type: none"> The fixed costs/variable costs/total costs will stay the same The breakeven point will rise/will become higher/will take longer to reach/they will need to groom more dogs/will need to sell more <p><u>Calculations</u></p> <ul style="list-style-type: none"> Contribution is £1.25 less for each dog groomed) or expressed in formula, ie $\frac{150}{5 - 1.25}$ <p>(or may simply state '30' or similar from last question)</p> 40/increase of 10 	<p>1 mark for effect on unit sales or contribution</p> <p>1 mark for no effect on costs</p> <p>1 mark for effect (without figures)</p> <p>1 mark for evidence of calculation, eg contribution, using the formula, mention of previous BE point</p> <p>1 mark for new breakeven figure</p> <p>(5)</p>
		Total 14 marks

Question Number	Answer	Mark
9(a)	<ul style="list-style-type: none"> • Compare actual sales against the 45, 50 and 60/against the 155 budgeted (1) - to study the difference [variance]/calculate the difference/see whether Sandy is doing better or worse (1) • See whether Sandy grooms more or less than the number each month/than 155 (1) - which will show whether Sandy is doing better or worse than she thought (1) 	<p>1 mark for how (comparing the difference) 1 mark for mention or use of figures</p> <p>(2)</p>

Question Number	Answer	Mark
9(b)(i)	<ul style="list-style-type: none"> • Cash • Purchases/stock/cleaning materials • Wages/labour/employees • Capital expenditure/grooming equipment • Advertising/marketing • Production <p>(Budget must be appropriate and not vague eg 'Expenses' or 'Financial')</p>	<p>1 mark for name of budget</p> <p>(1)</p>

Question Number	Answer	Mark
9(b)(ii)	<p>(ii)</p> <ul style="list-style-type: none"> • (Cash) it shows cash needs/liquidity needs • (Purchases/stock/cleaning materials) Sandy can check how much is being spent on cleaning materials • (Wages/labour/employees) Sandy can control her wages costs/can see if she is overspending on wages • (Capital expenditure/ equipment) Sandy can keep spending on equipment under control /can plan spending • (Advertising/marketing) Sandy can plan how much she is spending on adverts • (Production) prevents Sandy from overspending on the grooming service <p>(Answers are likely to focus on planning or control features of budgeting, but accept other relevant arguments, eg motivational aspects)</p>	<p>1 mark for why</p> <p>(1)</p>
		Total 4 marks

Question Number	Answer	Mark
10(a)	<ul style="list-style-type: none"> predicts cash flows/inflows and outflows/how much money they will receive/pay (1) - <p>therefore shows expected cash balances/surpluses and deficits/shows if they will have enough to pay for the extension (1) -</p> <p>can see when they have spare cash/can plan when to pay for the extension/when the extension can start being built (1)</p>	<p>1 mark for how (inflows/outflows)</p> <p>1 mark for how (balances, surplus/deficit)</p> <p>1 mark for reference to when</p> <p>(3)</p>

Question Number	Answer	Mark
10(b)	<p><u>Option 1 (own savings)</u></p> <p><u>Advantages</u></p> <ul style="list-style-type: none"> No cost of borrowing They have enough to pay for the extension They will still have some savings left Available immediately/they can start building immediately They still have the spare field available/can sell the spare field later if necessary / value of field could rise Spare field can be leased/rented <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> Loss of interest/hidden cost of using savings It will only leaves them £3 000 for other uses/the savings cannot be used for anything else It will reduce the liquidity that would otherwise be available It comes out of their own pocket If one of them leaves they will not get back their savings <p><u>Option 2 (sell the field)</u></p> <p><u>Advantages</u></p> <ul style="list-style-type: none"> Using a surplus asset Allows them to keep their own savings Can meet any shortfall out of own savings and still have most of their savings left <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> Reduces the fixed assets/loss of future use of the field Likely to be slower access to the money 	<p>No mark for choice of source</p> <p>1 mark for each advantage (maximum 3 marks)</p> <p>1 mark for each disadvantage (maximum 3 marks)</p> <p>1 mark for each advantage (maximum 3 marks)</p> <p>1 mark for each disadvantage (maximum 3 marks)</p>

	<ul style="list-style-type: none"> • No guarantee it can be sold • Even if sold, no guarantee that £25 000 will be made/likely to be £3 000 short • Do not know who the new owners will be/ the field may be used in a way they dislike 	marks)
		(8)
		Total 11 marks
Total for paper: 90 marks		

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