

Mark Scheme (Results)

Summer 2010

GCSE

GCSE APPLIED BUSINESS (5308) Paper 01

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Question	Answer	Mark
1	<ul style="list-style-type: none"> a) Cash b) Credit card c) Credit card d) Direct debit 	<p>1 mark for method</p> <p>(4)</p>

Question	Answer	Mark
2a(i)	<ul style="list-style-type: none"> • Total • Sales/Sales value/Total sales • Income/Total income • Revenue/Total revenue <p>(with or without the '£' sign but not '£' on its own)</p>	<p>1 mark for word or phrase</p> <p>(1)</p>

Question	Answer	Mark
2a(ii)	<p>B2 * B3</p> <p>Accept 'times' or 'multiplied by' x or *; Accept without '='; Accept B3 * B2 Accept B2 * B3 = B4 Do not accept 2B or 3B</p>	<p>1 mark for formula</p> <p>(1)</p>

Question	Answer	Mark
2b	<ul style="list-style-type: none"> • Store/existing structure (1) - Sarah can recall/reuse it at any time/it is less likely to get lost (1) • Accurate calculations/less chance of mistakes (1) - because the formula will automatically calculate correctly/unless the wrong figures are entered (1) • Easy to edit (1) - changes to one figure/one cell will change the rest of the sheet accordingly (1) • Modelling/'What If' scenarios (1) - data can be changed to see the effects on the P and L (1) 	<p>1 mark for advantage</p> <p>1 mark description</p> <p>(1 +1)</p>

Question	Answer	Mark
3a	<p><u>Advantages</u></p> <ul style="list-style-type: none"> • No deduction/receive full value of sale • Immediate payment • Less paperwork <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Less secure/risk of theft • Handling/need to balance/need to keep track of money • Need to purchase a safe/have a safe place for storage <p><i>Do not award marks where the answer could equally apply to cash or credit cards e.g. risk of fraud</i></p> <p><i>The business already takes cards and so has necessary equipment - do not award marks for saving money by not purchasing this equipment</i></p>	<p>1 mark for each advantage</p> <p>(2)</p> <p>1 mark for each disadvantage</p> <p>(2)</p>

Question	Answer	Mark
3b	<ul style="list-style-type: none"> • Ivan does not have enough money in his bank account/ the money does not come straight out of his bank account • Lets Ivan defer payment/Ivan has time to save up before he has to pay • Ivan may not have enough cash with him • Ivan may prefer not to carry large amounts of cash • Ivan may gain 'reward' points • Ivan's purchase is insured by the credit card company 	<p>1 mark for each reason</p> <p>(2)</p>

Question	Answer	Mark
3c	<ul style="list-style-type: none"> • Collects or requests a direct debit form from the Garden Centre • Completes the form/gives account details to the Garden Centre • The Garden Centre forwards the form to the bank • The Garden Centre/bank deducts the amount owed/the amount is transferred straight from Ivan's account to the Garden Centre's <p><i>A DD is arranged by the company i.e the form comes from the garden centre and not the bank</i></p> <p><i>Accept any statements relating to how the D/D is set up, whether in person or by telephone or internet as long as it through the garden centre. Do not accept the consequences of setting up a DD i.e. money will be transferred monthly</i></p>	<p>1 mark for each point of description</p> <p>(3)</p>

Question	Answer	Mark
4	See below	As indicated (7)

Date 07/ 06/10 and
Invoice number 52142 (1)

Address Joan's Garden Centre Ltd
Lily Road
Tygerville
TV2 5NM

and name of guest Nat Osborne (1)

Number of nights	Rate per night (£)	Total (£)	
1	57.50	57 50	(1)
2	52.50	105 00	
	Cost of accommodation	162 50	(1)
	Food	53 25	
	Drinks	9 15	
	Other items		
	Sub Total	224 90	(1)
	VAT at 17.5%	39 35 or 39.36	(1)
	TOTAL TO PAY	264 25 or 264.26	(1)

No OFR

Minimum address acceptable contains the name of company and the postcode.

Accept VAT rounded up to 39.36 and Total 264.26 for the marks

Figures must be accurate for accounting purposes i.e. 57 50 not 57 5; 105 00 not 105 etc

A dash is acceptable in the pence column instead of 00

Question	Answer	Mark
5a	Running (1) - regularly sold in the Centre so need regular supply (1)	1 mark for running 1 mark for why (2)

Question	Answer	Mark															
5b	<table border="1"> <thead> <tr> <th>Cost</th> <th>Start-up</th> <th>Running</th> </tr> </thead> <tbody> <tr> <td>Brochures</td> <td></td> <td>X</td> </tr> <tr> <td>Name sign</td> <td>X</td> <td></td> </tr> <tr> <td>Advertising the opening</td> <td>X</td> <td></td> </tr> <tr> <td>Heating the greenhouses</td> <td></td> <td>X</td> </tr> </tbody> </table>	Cost	Start-up	Running	Brochures		X	Name sign	X		Advertising the opening	X		Heating the greenhouses		X	1 mark for each cost (4)
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Question	Answer	Mark
6a	<u>Database software</u> Fixed (1) - because the cost is not affected by the number of members who join/by the level of membership (1) <u>Badges</u> Variable (1) - because the number used depends on the number of members (1)	1 mark for each type of cost 1 mark for reason (4)

Question	Answer	Mark
6b	NB the cost must be one OTHER than the cost of staff <ul style="list-style-type: none"> • Cost of stationery (1) - because the system is computerised/software will print it/will produce multiple copies/it will be stored electronically (not on paper)/it won't be printed unless needed (1) - so there is less need to buy/use specialist stationery/paper/pens (1) • Rent (1) - because there is less need for storage space/smaller storage area (1) - so Sarah will have more space for other aspects of the business /may be able to reduce this cost (1) • Cost of storage (1) -because all the data is stored electronically/is only printed when necessary (1) - so Sarah will need less cabinets etc (1) 	1 mark for LOWER cost 2 x 1 mark for why (3) <i>Do not award 2 marks for 2 different lower costs - it must be 1 cost plus extension</i>

Question	Answer	Mark
7a	Total receipts (1) Total payments (1) Net flow (1) Opening balance (1) OFR Closing balance (1) OFR	1 mark for each row (5)

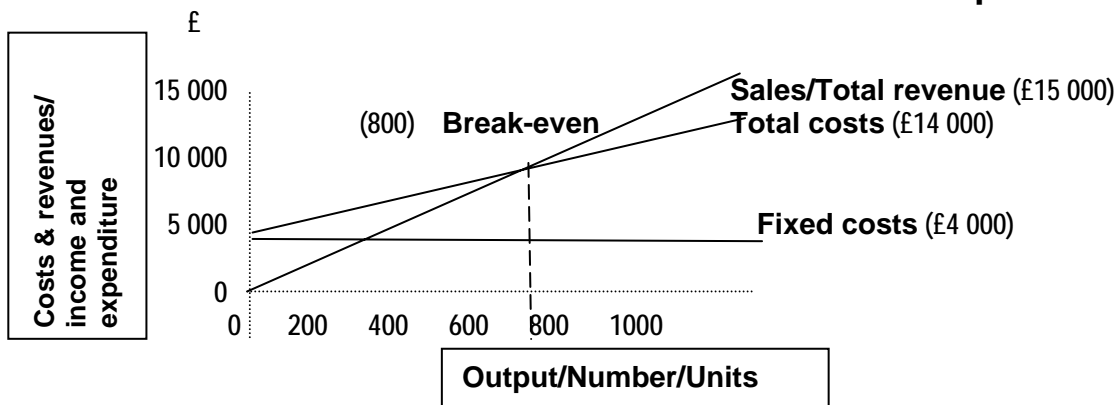
2010	July (£)	August (£)	September (£)	
Total Receipts	9 600	9 750	9 000	(1)
Total Payments	8 775	11 775	8 925	(1)
Net Inflow / Outflow	825	(2 025)	75	(1)
Opening Balance	360	1 185	(840)	(1)
Closing Balance	1 185	(840)	(765)	(1)

Question	Answer	Mark
7b(i)	N.B.Cash Flow does not show profit or loss Mark for statement AND figure <ul style="list-style-type: none"> July the same OF August now negative closing balance/deficit of £840/lower by £3 000 OF September now negative closing balance/deficit of £765 OF Final closing balance is adverse/negative by £765 	1 mark for July 1 mark for August 1m for September (3)
7b(ii)	How to cope with the cash deficit (not loss)(1) OFR - eg <ul style="list-style-type: none"> borrow (1) - need to contact bank to arrange borrowing (1) increase prices (1) - effect on customers (1) postponing payment (1) - if supplier agrees (1) stagger payments (1) - if supplier agrees (1) 	1 mark for key problem 2 x 1 mark for explaining decision (3)

Question	Answer	Mark
8a(i)	£22 500	1 mark for total (1)
8a(ii)	Check actual sales (1) - compare with the budget (1) - the difference/variance indicates success (1)	1 mark for referring to actual sales 1 mark for compare 1 mark importance of the difference (3)

Question	Answer	Mark
8b	Heading and both axis labels (1) Line and label 3 x (1) Breakeven point identified and labelled (1) OFR	As indicated (5)

Break-even Chart for the new online shop



Question	Answer	Mark
8c(i)	£3 600	1 mark for amount (1)
8c(ii)	<ul style="list-style-type: none"> • Fewer need be sold to break even/the Break-even point falls/moves to the left (1) • Break-even is now 720/it falls by 80 (1) • Total costs fall/Fixed costs line falls (1) • Total revenue will not change (per unit)/the line will not change (1) • Variable costs also stay the same (per unit)/the line will not change (1) 	<p>1 mark</p> <p>1 mark for supporting calculation or amount</p> <p>1m for TC or FC line</p> <p>1 mark for TR</p> <p>1 mark for VC</p> <p>(5)</p>

Question	Answer	Mark
9a	See below	As indicated (8)
		£
		£
Sales/Income	(1) both	92 950
Cost of Sales	(1)	59 475
Gross Profit	(1)	33 475
Expenses:		
Depreciation on equipment	2 500	
Wages/salaries (1)	15 780	(1)
Administration (1)	2 300	(1)
Other (1)	5 000	(1)
Total expenses	(1) OF	25 580
NET PROFIT	(1) both no OF	7 895

NB Candidates may miss out depreciation figure given and have a total expenses of £23 080. This is not OFR

Question	Answer	Mark
9b	Shows profitability or loss/profit levels (1)	1 mark for what a P&L shows
	Ivan wants the business to continue/survive/wants his membership to continue/wants to know if he should continue to pay membership fees (1)	1 mark for Ivan's interest
	This P&L Account shows the business is profitable so likely to continue trading (1) OF	1 mark for this P&L (3)

Question	Answer	Mark
10a	Cash flow forecast indicates liquidity/whether the business is credit worthy (1)- so the manager can see whether the Garden Centre can repay the loan/has the potential to repay (1)	1 mark for contents of CFF 1 mark for relevance to borrowing (2)

Question	Answer	Mark
10b	<p><u>Share capital: for</u></p> <ul style="list-style-type: none"> • Guaranteed way to get £5 000 • Keeps control in the family • Brother Gary may want/be able to get involved/help in the business • Knows/can trust Gary • Permanent capital/no need to repay • No debt owed to outside business/safe way to raise capital • No interest charges <p><u>Sell van: for</u></p> <ul style="list-style-type: none"> • May be surplus to requirements • Easy to do/easily saleable asset • Quick way to raise money • No need to involve others e.g. brother Gary <p><u>Retained profits: for</u></p> <ul style="list-style-type: none"> • Already available/easily available/her own money • No interest charges • What reserves such as this are for • No need to involve others e.g. brother Gary <p><u>Share capital: against</u></p> <ul style="list-style-type: none"> • May lead to family disputes/affects relationships • Loss of control/Gary will have a say in running • Sharing profits • Gary may be a poor businessman <p><u>Sell van: against</u></p> <ul style="list-style-type: none"> • No guarantee it will raise this amount • No guarantee it can be sold • May need two vans for their delivery service/may slow up their service/reduce efficiency <p><u>Retained profits: against</u></p> <ul style="list-style-type: none"> • The business's own cash must be used • Liquidity will be affected/may put strain on cash resources • These reserves will not be available for other future uses 	<p>No mark for selections</p> <p>Recommend 1: 1 mark for each point (maximum 3 marks)</p> <p>Recommend 2: 1 mark for each point (maximum 3 marks)</p> <p>Not recommend 3: 1 mark for each point (maximum 3 marks)</p> <p>(award marks for balanced arguments for each source)</p> <p>(9)</p>

	<ul style="list-style-type: none">• May be needed/other greenhouses may have to be bought later	
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