

ResultsPlus

Examiners' Report

June 2010

GCE Applied Business 5AB02 01

ResultsPlus
look forward to better exam results
www.resultsplus.org.uk

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information, please call our GCE line on 0844 576 0025, our GCSE team on 0844 576 0027, or visit our website at www.edexcel.com. If you have any subject specific questions about the content of this Examiners' Report that require the help of a subject specialist, you may find our Ask The Expert email service helpful.

Ask The Expert can be accessed online at the following link:

<http://www.edexcel.com/Aboutus/contact-us/>

Alternatively, you can speak directly to a subject specialist at Edexcel on our dedicated [subject] telephone line: [telephone number]



ResultsPlus is Edexcel's free online tool that offers teachers unrivalled insight into exam performance.

You can use this valuable service to see how your students performed according to a range of criteria - at cohort, class or individual student level.

- Question-by-question exam analysis
- Skills maps linking exam performance back to areas of the specification
- Downloadable exam papers, mark schemes and examiner reports
- Comparisons to national performance

For more information on ResultsPlus, or to log in, visit www.edexcel.com/resultsplus.

To set up your ResultsPlus account, call 0844 576 0024

June 2010

Publications Code US023418

All the material in this publication is copyright

© Edexcel Ltd 2010

5AB02 01

This was the first paper to be sat for the new Applied Business qualification (single award) which is available January and June each year. The paper was based on a store selling drums and other percussion instruments (DNS). The scenario proved accessible to candidates. It contained text and an image. The purpose of the scenario is to help candidates appreciate the context within which they are applying their answers. The next paper in January 2011 will continue to give brief text-based information and use diagrams and other images in order to help 'paint a picture' for candidates. Centres realise that candidates are not expected to memorise scenario information, because of its introductory purpose - key information will be provided in question stems. However, the advice remains to ensure that candidates re-visit this scenario several times during the examination, to re-familiarise themselves with it.

The paper contained questions from all specification areas, and this practice will continue. There were six questions in total. The paper was designed to assess candidates across the full GCSE ability range, and achieved this, proving to be accessible to all. Quality of Written information was assessed in question 6 and this was indicated by an asterisk.

The 60 minutes allowed to complete the paper seemed sufficient. Gaps appeared to be due more to lack of knowledge than lack of time. The paper differentiated well, and all questions were answered as expected with no major misinterpretations.

Question 1(c)(B)

This question was well answered with most candidates able to identify a debt as a liability.

Question 1(c)(C)

This question was well answered with most candidates able to identify a computer as a fixed asset.

Question 1(c)(D)

This question was well answered with most candidates able to identify cash as a current asset.

Question 1(c)(E)

This question was well answered with most candidates able to identify a drum kit as a fixed asset.

Question 1(c)(F)

This question was well answered with most candidates able to identify a bank loan as a liability.

Question 1(d)(i)

This question was well answered with candidates defining and giving relevant examples of start-up costs. Some candidates lost marks as they gave an example of a start-up cost that was not from 'Jen's list'.



ResultsPlus

Examiner Comments

The candidate has chosen a relevant example from the list given.

(d) (i) Define the term 'start-up cost' and give a relevant example **from Jen's list** above.

f

Definition of start-up cost:

(1)

The cost of all equipment needed to start the business

Example of start-up cost:

(1)

A computer and two drum kits for the teaching rooms



ResultsPlus

Examiner Tip

Read the question thoroughly - is it asking for any start-up cost or one from a given list?

Question 1(d)(ii)

Most candidates defined and gave relevant examples of running costs. Some candidates lost marks as they gave an example of a running cost that was not from 'Jen's list'.

Question 2(a)

This invoice completion in part (a) proved quite easy for many candidates. It was generally well answered with candidates gaining the 3 marks.

Some candidates lost marks as they used the wrong format for money i.e. £370.125 not £375.12 or £375.13.

The Sales Invoice involves calculating money.



ResultsPlus

Examiner Comments

This could have scored full marks if the candidate had used the correct format for money - they lose the final mark as they have not rounded the figures, therefore coming up with an answer of £370.125 rather than £370.12 or £370.13.

SALES INVOICE

Code	Description	Quantity	Unit Price (£)	£	p	
SK5	Starter Drum Kits	2	120.00	240	00	
WS3	Wooden drumsticks (pair)	15	5.00	75	00	
DH45	Replacement Head Skins	1	35.00	35	00	
Goods Total				350	00	(1)
Trade Discount @ 10%				35	00	
Subtotal				315	00	(1)
VAT @17.5%				55	125	
Total to Pay				370	125	(1)



ResultsPlus

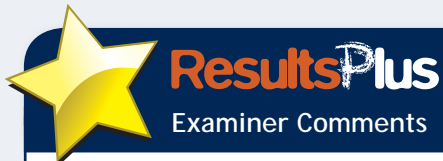
Examiner Tip

Always use the correct format for money - there are TWO places for pence and these should always be shown. If the answer is round pounds then show the pence as 00.

Question 2(b)

Some candidates lost a mark as they gave two (bold) reasons rather than outlining one (bold) reason for paying by cheque - one mark for the advantage and one mark for the development.

Most candidates could answer this question but failed to gain both available marks.



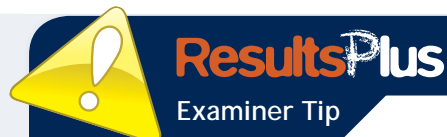
The candidate has only scored one mark as they have not outlined ONE reason but given two.

Jen pays the tutors by cheque each month.

(b) Outline **one** reason why this is a suitable payment method for the business.

(2)

It is a suitable method because the money does not come out of their account straight away and also it is easier than paying cash.



Always read the question thoroughly - if asked to outline ONE reason, the examiner will expect to see one reason with a development.

Question 2(c)

Many candidates gained only three of the six available marks as they did not develop (bold) their answers.

This question has six marks, each advantage gains one mark plus each development.



ResultsPlus

Examiner Comments

The candidate has given two clear advantages plus development thus scoring 4 marks. Unfortunately the third advantage is incorrect.

Jen's customers can buy drum kits and accessories using credit cards.

(c) Outline **three** advantages to the **customers** of *DNS* of being able to pay using a credit card.

(6)

Advantage 1:

no need to have cash - so it will be less risky for them.

Advantage 2:

They can pay delay payment - so they have time to arrange the money.

Advantage 3:

They will receive interest whilst they are arranging for their money - if needed.



ResultsPlus

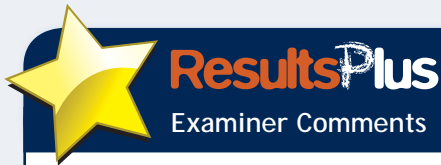
Examiner Tip

Check knowledge - questions on credit cards often cause problems to candidates who do not understand the associated charges and often believe that the business will gain interest from a credit card transaction rather than the card issuer. If asked to outline an advantage give the advantage plus the development to gain both marks.

Question 3(a)

Many candidates scored full marks on part (a). Again some candidates lost marks as they used the wrong format for money. All money must be shown in the columns correctly as pounds and pence.

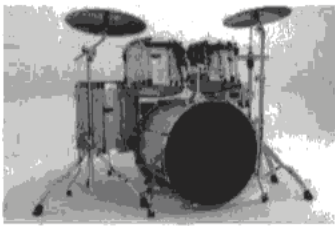
This question required the candidate to correctly complete a purchase order. Common mistakes are the purchase order number and the format of money.

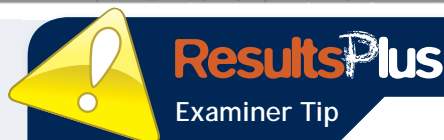


The candidate has correctly filled in the document but has lost a mark for the incorrect format of money - the deluxe drum kit has been totalled as £300.000.

(a) Complete the Purchase Order below. The last order was numbered 7865.

(7)

		Date: 25th July 2010				
		Purchase Order No: 7866				
To: ABC Ruby Drum Suppliers		Address: Marina Way Swansea				
		Postcode SA1 6FR				
Qty	Item Description	Order code	Unit Price		Total Price	
3	Starter Drum kit.	SDK5	£ 12	p 00	£ 36	p 00
1	Deluxe Drum kit	DDK5	300	00	300	000
24	Sticks wood (pairs)	WS1	5	00	120	00
3	Cymbal Bag 20"	CB20	28	00	84	00
					Total	540 00
Delivery Terms: as soon as possible						




Always use the correct format for money -there are two places only in the pence column. Make sure that the purchase order number is the NEXT number on from the one given in the question.

Question 3(b)

Candidates lost marks in part (b) as they did not answer the question 'What is the purpose of this Credit Note?' but instead gave general answers about the purpose of any credit note. Some confused a credit note with other financial documents. Others confused the document flow.

This question asked the candidate to apply their knowledge to the situation of Drums 'n' Stix.




ResultsPlus
Examiner Comments

Although the candidate has placed the Credit Note in context they have confused the document flow/order. The Credit Note would be sent back to Drums 'n' Stix as response to them reporting damaged goods.

(b) What is the purpose of **this** Credit Note? (1)

The purpose is that Drums'n'Stix know that there are damaged items.



ResultsPlus
Examiner Tip

Make sure that a question that has this is answered in context of the business and the scenario.

Question 3(c)(i)

Most candidates correctly identified that the VAT figure was incorrect.
The candidates were asked to identify the calculation error.



ResultsPlus

Examiner Comments

The examiner is looking for the answer of VAT which is awarded 1 mark. Many candidates extended this answer further but there was only 1 mark available.

This Credit Note contains a calculation error.

(c) (i) Identify which calculation contains the error.

(1)

The VAT is the calculation error.



ResultsPlus

Examiner Tip

Identify (1 mark) is asking for a short answer which does not need further development.

Question 3(c)(ii)

Most candidates correctly stated the figure should read £258.50. Some incorrectly gave the VAT figure.

Candidates were asked to calculate the correct amount for the Credit Note - this proved problematic for many.

**ResultsPlus**

Examiner Comments

£38.50 was a common incorrect answer - the correct answer was £285.50.

(ii) What should be the correct total for this Credit Note?

(1)

£38.50

Space for your workings

**ResultsPlus**

Examiner Tip

Ensure the question is read properly - it is not asking for the correct VAT figure (3c) but the correct Credit Note figure.

Question 3(c)(iii)

Many candidates incorrectly thought that DNS would gain more rather than less money. Others incorrectly used the term 'loss of profit'.

The candidates are asked to apply their knowledge to the situation of Drums 'n' Stix.



ResultsPlus

Examiner Comments

The candidate has lost the mark as they have incorrectly stated they would lose PROFIT rather than too little credit/money.

(iii) If Jen does not notice this error, what will be the effect on DNS?

(1)

They would lose profit.



ResultsPlus

Examiner Tip

Think before using the term PROFIT.

Question 4

This question was well answered causing few difficulties. Candidates generally seemed well prepared for this question. The most common errors were omitting 'net' before profit and writing the figures in the wrong places.

Profit and Loss causes problems for a few candidates.



ResultsPlus

Examiner Comments

The candidate has made small errors which have cost them marks. They have added rather than subtracted the costs from the sales therefore gaining an incorrect GP figure and NP figure.

- 4 Jen has asked you to construct a Profit and Loss summary for DNS. She has supplied you with the following information.

Drumz'n'Stix figures for the last month.

Sales of:	
Drum Kits	£3 500
Accessories	£2 125
Cost of these sales	£2 225
Wages and salaries	£ 900
Rent, Rates and Insurance	£ 800
Light, Heat and Power	£ 250
Telephone and Broadband	£ 80

Use this information to construct the Profit and Loss summary for DNS for last month.

Profit and Loss Summary for Drumz'n'Stix

	£	£	
Total Sales		5625	(1)
Cost of these sales		2225	(1)
Gross Profit		7850	(1)
Expenses:			
Wages and salaries	900		(1)
Rent, Rates and Insurance	800		(1)
Light, heat and power	250		(1)
telephone and Broadband	80		(1)
Total Expenses:	2030		
Net Profit		5820	(1)



ResultsPlus

Examiner Tip

Ensure that costs are SUBTRACTED.

Use the boxes given appropriately - the total expenses should be written in the box above the NP.

Question 5(a)

This question was not particularly well answered. A common misconception was that a bar code reader would prevent theft

Barcodes and barcode readers are now in common use.



ResultsPlus

Examiner Comments

The barcode reader has many advantages but it cannot PREVENT theft.

5 Jen thinks that ICT could help her business. She is planning to buy a barcode reader to use in the store.

(a) State **one** benefit to Jen's business of using a barcode reader.

There is a less chance of ~~stuff~~ things (1)
being stolen.



ResultsPlus

Examiner Tip

Think logically about how a store would benefit from using a barcode reader. It does not provide security.

Question 5(b)

In this part of the question many candidates failed to read the stem of the question that instructed them to 'discuss ONE benefit and ONE drawback' and gave lists of benefits and drawbacks that could not gain full marks.

Computerised accounting systems are used by many businesses and are much more than a spreadsheet.



ResultsPlus

Examiner Comments

The candidate has handled the benefit better than the drawback.

'...crash or break or delete all the records' is one point and so can only be awarded one mark.

Jen would also like to purchase a computerised accounting system rather than keeping the manual accounting system she has at present.

(b) Discuss **one** benefit and **one** drawback of Jen introducing a computerised accounting system into DNS.

(8)

Benefit A benefit of introducing a computerised accounting system is that it is quicker and easier to find records of customers and to know if the business is in debt or needs to create a budget.

Drawback A drawback of introducing a computerised accounting system is that you will never know if the computer is going to crash or break or delete all the records and what will you do when the computer needs fixing.



ResultsPlus

Examiner Tip

If asked to discuss ONE aspect ensure that you have included enough information to allow for all marks to be awarded. Don't waste time and space repeating the stem of the question.

Question 6

This was the 'extended answer' element of the paper, and was not well answered. Most answers were written in extended prose rather than as bullet points, which is encouraging, and there were some good attempts but very few candidates scored full marks.

Most candidates attempted to calculate the ratios however many miscalculated the Acid Test ratio as they subtracted the stock figure from the money in bank, then failed to add the stock figure for the Current Ratios. Some candidates failed to answer the question which was to 'assess whether Jen has the liquidity to make the decision to sell online' but answered instead on the benefits of online selling.

Another issue with this question was that many candidates seemed to have rushed in and wrote down everything that came into their head without planning. Many simply stated the same points again and again. Many candidates gave generic answers about the importance of and relevance of ratios.

In the 'extended answer' element of the paper extended prose rather than bullet points is expected as Quality of Written Information is assessed here as well as knowledge/application/evaluation.

**ResultsPlus**

Examiner Comments

The candidate has miscalculated the Acid Test ratio as they subtracted the stock figure from the money in bank therefore gaining an answer of 0.69 rather than 1.52:1, then failed to add the stock figure for the Current Ratio so gaining 1.52 rather than 2.36:1. They have continued to make appropriate comments on the liquidity of the business but these are very brief.

**ResultsPlus**

Examiner Tip

Write carefully in the extended question to gain the marks for QWC. Be careful if asked to calculate ratios. Once figures are calculated apply them to the situation of the business and ensure that you answer the question set.

*6 Jen is considering expanding her business through selling online. She is unsure whether or not she has the liquidity to be able to do this and is seeking your advice.

She has sent you the following information taken from DNS's financial statements (final accounts) for 2009.

	2009
	£
Money in Bank	2750
Money owing to Ruby Drum Supplies	1800
Stock in Store	1500

$$\begin{array}{r} 2750 - 1500 \\ \hline 1250 \\ 0.694 \\ 1.5277778 \end{array}$$

She believes the following ratios may help her to assess the financial performance of DNS. Calculating the ratios would help her understand the liquidity of her business.

Ratio	Calculation
Acid Test Ratio	$\frac{\text{Current Assets} - \text{Stock}}{\text{Current Liabilities}}$
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Using the above information, assess whether Jen has the **liquidity** to make the decision to sell online.

$$\frac{2750 - 1500}{1800} = 0.6944 \quad \text{Acid test Ratio}$$

$$\frac{2750}{1800} = 1.5277778$$

by the Acid test I can tell that DNS should not sell online because she has not no liquidity. the stock in there store is blow the money they owe so they need to make some more money be for they can sell onle

the Current Ratio is low so DNS needs to bring it up befor they can expand

A noted area of weakness was in candidates' answers to questions that required specific application - for example, question 3(b) on this paper referred to 'this credit note'. Basing some questions on 'this' given situation presents difficulty for candidates. This specific application will remain a key theme of this paper, and centres are therefore once again encouraged to work closely with their candidates to ensure they cope with this particular challenge.

Grade Boundaries

Grade	Max. Mark	A*	A	B	C	D	E	F	G	U
Raw boundary mark	60	50	44	38	33	30	27	24	21	0
Uniform boundary mark	80	72	64	56	48	40	32	24	16	0

Further copies of this publication are available from
Edexcel Publications, Adamsway, Mansfield, Notts, NG18 4FN

Telephone 01623 467467

Fax 01623 450481

Email publications@linneydirect.com

Order Code US023418 June 2010

For more information on Edexcel qualifications, please visit
www.edexcel.com/quals

Edexcel Limited. Registered in England and Wales no.4496750
Registered Office: One90 High Holborn, London, WC1V 7BH

Ofqual




Llywodraeth Cynulliad Cymru
Welsh Assembly Government

