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Examiners' Report
June 2011

GCSE Business 5AB02 01

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Introduction

This was the third paper to be sat for the Applied Business qualification (single award) which is available in January and June each year. The paper was based on Film Show Cinemas (FSC). 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 2012 will continue to give brief text-based information and use diagrams and other images in order to help 'paint a picture' for candidates. 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 communication was assessed in question 6 and this was indicated by an asterisk (*6).

The 60 minutes 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. Most centres seem to be aware of on-line marking and related issues, and have taken full account of advice given to ensure as far as possible that candidates answer question parts in the space allocated. Where this was not so - for example, due to deleting a wrong answer in the answer line section - most candidates indicated the location of the corrected answer on the paper (e.g. 'see next page' or 'my answer is on the last blank page'). This practice is once again strongly encouraged. There were a few occurrences of candidates writing in heavy felt pens that transferred onto the reverse of the paper or in pencil that was difficult to read. Centres should clearly instruct candidates to read the rubric at the front of the paper which advises them to use black ink or ball-point pen.

Candidates often repeated the stem of the question before giving their answer - this wastes time and takes up space allocated for the candidate response. Some examples of this are question 3(d) where candidates have started their answer with the stem e.g. 'The profitability and liquidity ratios would be useful to FSC Oldport if it is considering improving one of its 3D screens because...' and 5(b) Two advantages to this customer of using a credit card rather than a debit card to book these seats would be...'

Question 1 (a) (i)

Candidates demonstrated their ability to complete a Purchase order with many gaining full marks. Some lost marks for not completing the FULL address and not writing in both the unit price and total price.

To: FSC oldport			Order
Qty	Item Description	Order code	Case



ResultsPlus Examiner Comments

This address is both incomplete and directed to the wrong party.



ResultsPlus Examiner Tip

Read the question thoroughly and answer in full.

To: CINEQUIP UNIT 23 BRITANNIA ESTATE BRISTOL BS2 7YE			Order
Qty	Item Description	Order code	Case



ResultsPlus Examiner Comments

This candidate has correctly completed the address box.

Question 1 (b) (i)

Many candidates correctly calculated the correct amount for the Credit Note thus receiving 5 marks but many received fewer marks as they incorrectly filled in the quantity boxes.

(b) (i) This Credit Note contains a numerical error. Calculate the correct amount that *FSC Oldport* should have received from *Symphony Stores* by completing the boxes below.

(5)

Quantity	Description	Unit Price (£)	Total Price (£)
1	Pro-X Professional 3D Glasses	70.00	70.00
2	GEMS Disposable 3D Glasses	15.00	30.00

Goods total	100.00
VAT @20%	20.00
TOTAL	120.00



ResultsPlus Examiner Comments

This candidate has identified the error and has corrected the quantity for the GEMS to 2 units. They score full marks.

(b) (i) This Credit Note contains a numerical error. Calculate the correct amount that *FSC Oldport* should have received from *Symphony Stores* by completing the boxes below.

(5)

Quantity	Description	Unit Price (£)	Total Price (£)
1 box	Pro-X Professional 3D Glasses	70.00	70.00
1 box	GEMS Disposable 3D Glasses	15.00	15.00

Goods total	85.00
VAT @20%	17.00
TOTAL	102.00



ResultsPlus Examiner Comments

This candidate has incorrectly entered the quantity of GEMS as 1 box. This means that they lose one mark but they have calculated the rest of the Credit Note correctly.

(b) (i) This Credit Note contains a numerical error. Calculate the correct amount that *FSC Oldport* should have received from *Symphony Stores* by completing the boxes below.

(5)

Quantity	Description	Unit Price (£)	Total Price (£)
10	Pro-X Professional 3D Glasses	70.00	70.00
10	GEMS Disposable 3D Glasses	15.00	15.00

Goods total	85.00
VAT @20%	170
TOTAL	255



ResultsPlus
Examiner Comments

This candidate has incorrectly filled in both quantity boxes and gains one mark only for the Goods Total (Own Figure Rule)



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Examiner Tip

Read the question thoroughly and check the figures entered.

Question 1 (b) (ii)

The majority received 1 mark for this question for 'will lose money' but many failed to score the second mark as they did not develop their answer e.g. as they are £18 short'.

The command word here is OUTLINE - this requires the effect and a development.

(ii) Outline **one** effect on FSC Oldport if Morgan does **not** spot the error on the Credit Note.

FSC oldport would not be ~~full~~ refunded all ⁽²⁾ of the money. This could lead to cash flow ~~and~~ problems and loss of profit.



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Examiner Comments

This gains both marks, 1 for the effect 'would not be refunded all of the money' and 1 for development 'this could lead to loss of profit'

(ii) Outline **one** effect on FSC Oldport if Morgan does **not** spot the error on the Credit Note.

if Morgan does not spot the error he ⁽²⁾ could make the business lose out on money.



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Examiner Comments

The candidate has an effect only and so gains only 1 mark.

Question 2 (c)

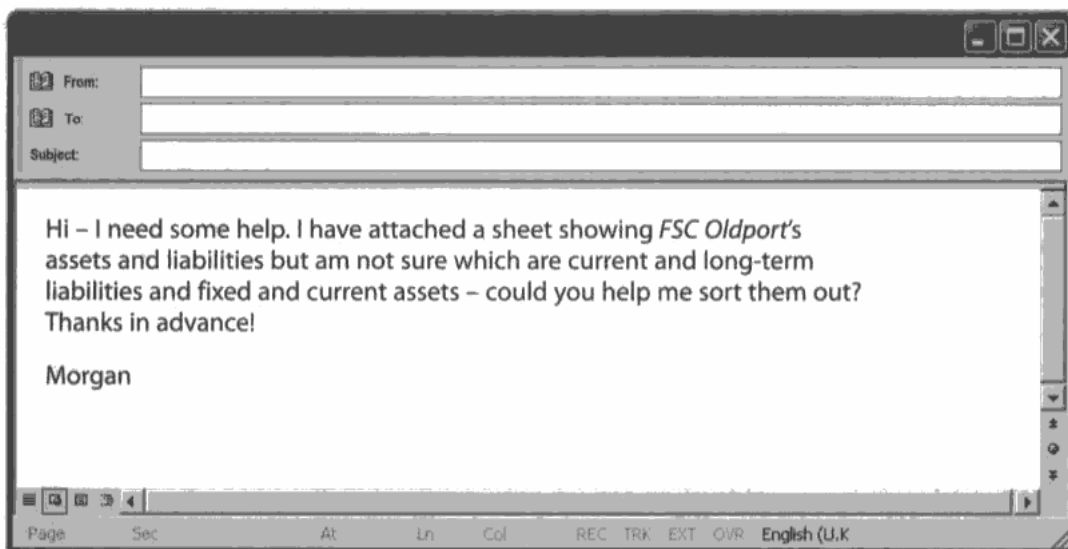
Many candidates did not attempt an answer, but those who did and clearly understood the business terminology were able to accurately select the necessary data; and state and calculate the formula correctly and achieve full marks.

Many candidates selected data but had the misconception that the 'formula' would require the division of numbers rather than a simple subtraction. Frequently also, students failed to accurately read the question and attempted a written response.

Many candidates showed knowledge that Liabilities had to be deducted from Assets to achieve the answer, but it is advised that candidates show a deeper knowledge of the terminology and calculations required to complete a Balance Sheet.

Question 2(a) and 2(b) must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

2 You have received the following email.



(a) In the table below, identify each item as a **current** or **long-term** liability.

Put a cross ☒ in the correct box.

(3)

Liabilities	£	Current	Long-term
Bank loan	50 000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Money owed by <i>FSC</i> to suppliers	1 500	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Electricity and heating costs	3 500	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(b) In the table below, identify each item as a fixed or current asset.

Put a cross in the correct box.

(6)

Assets	£	Fixed	Current
Cash in safe	1 800	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Projection equipment	10 000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Money in bank	3 000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Stock of 3D glasses	1 200	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Refrigerated cabinets	1 600	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Seating	10 000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(c) Using the information from your answers to 2(a) and 2(b), calculate FSC Oldport's Working Capital. Give the formula and show your workings.

(3)

Current Asset - Current liability = Working capital.
£6000 - £5000 = £1000 which is the working capital.



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Examiner Comments

A perfect answer.

Question 3 (a)

Many candidates simply stated that 'a P and L Account shows profit and loss' with no mention of any timescale. Most received 1 mark for giving the purpose of a profit and loss account but few developed their answer to gain the second mark e.g. 'and it shows whether FSC is likely to stay in business'.

3 Morgan has been given the Profit and Loss Account for *FSC Oldport*.

FSC Oldport				
Profit and Loss Account for the years ended				
31st December 2009 and 31st December 2010				
		2010 £		2009 £
Sales				
Tickets		150 000		80 000
Refreshments		80 000		40 000
Total Sales		230 000		120 000
Cost of Sales		150 000		80 000
Gross Profit		80 000		40 000
Less Expenses				
Rent, rates and insurance	5 500		5 500	
Wages and salaries	12 000		8 000	
Light, Heat and Power	3 500		3 500	
Telephone and Broadband	1 250		1 250	
Total Expenses		22 250		18 250
Net Profit		57 750		21 750

(a) Explain to Morgan the purpose of a Profit and Loss Account.

(2)
The purpose of a profit and loss account is to show what money is coming into the business, and what money (sales) and what money is going out (expenses).



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Examiner Comments

The candidate shows understanding of the purpose of a P and L account but does not develop the answer.



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Examiner Tip

Don't repeat the question...you will run out of space!!

(a) Explain to Morgan the purpose of a Profit and Loss Account.

A profit and loss account is designed to show if a company is making or losing money over a set period of time. (2)



ResultsPlus
Examiner Comments

The candidate has correctly identified the purpose of a P and L account but again does not develop the answer.

(a) Explain to Morgan the purpose of a Profit and Loss Account.

(2)

A Profit is when you make additional money to what you used to buy your stock.



ResultsPlus
Examiner Comments

The candidate has tried to define profit rather than the purpose of a P and L account.



ResultsPlus
Examiner Tip

Ensure you have read the question properly.

Question 3 (b)

Many candidates did not show understanding of why a stakeholder would want to see a P and L Account. Those who did often received 2 marks as they also expanded their response.

(b) Why might the suppliers of FSC Oldport, such as Symphony Stores, be interested in **this** Profit and Loss Account?

(2)

To see if the ~~business~~ business (FSC OLDPORT) can pay for any goods they purchase order and carry on doing so in the foreseeable future.



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Examiner Comments

The candidate shows good knowledge and develops the answer for 2 marks.

(b) Why might the suppliers of FSC Oldport, such as Symphony Stores, be interested in **this** Profit and Loss Account?

(2)

This is good for suppliers of FSC oldport, because it helps them to know how much stock they have used and so they can help calculate the amount needed for next time.



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Examiner Comments

The candidate has not shown understanding of this P and L account and cannot be awarded any marks.

Question 3 (c)

This question on GPM and NPM was very well answered with a good majority receiving all 4 marks.

Morgan has given you the following formulae to help you calculate the profitability of *FSC Oldport*.

(c) Calculate gross profit margin and net profit margin for *FSC Oldport* for 2010.

(4)

Ratio	Calculation	2010 Calculation	2010 %	2009 %
Gross Profit Margin	$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$	$\frac{80000 \times 100}{230000}$	34.8%	33.3%
Net Profit Margin	$\frac{\text{Net Profit} \times 100}{\text{Sales}}$	$\frac{57750 \times 100}{230000}$	25.1%	18.1%



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Examiner Comments

A perfect answer.

Question 3 (d)

The knowledge and understanding of profitability and liquidity by candidates was of a high standard generally. Many candidates could accurately use both sets of ratios and make judgements about the data noting the improvements in performance from the previous ratios of 2009. However, disappointingly, many failed to fully read the question and what was expected of them. Candidates must read the question provided thoroughly in order to have the opportunity to achieve high marks. In bold letters the question also asked candidates to assess **both** the profitability and liquidity ratios, frequently candidates focused exclusively on one set of ratios, whilst neglecting to mention the other set of ratios entirely.

Candidates were asked to 'use' these profitability and liquidity ratios calculated in Question 3(c) and provided in Question 3(d). Candidates were asked to use these judgements to assess the impact they could have on improving the 3D screen. Unfortunately many candidates frequently gave a purely theoretical response on the need of FSC to take account of Liquidity and Profitability in their decision to improve the 3D screen, without using the data as requested. Subsequently many candidates were unable to construct answers at level 2 and 3.

Many candidates simply showed knowledge and were therefore restricted to Level 1 and 2 marks. Those who entered Level 2 were able to make a judgement but were weaker in providing evidence of a reason/cause/consequence.

Although the majority of candidates seemed to have some level of understanding of profitability and liquidity often there was little application to the business scenario. The better candidates showed application in context, often referring to the positive effect the previous screen improvements had made to the 2010 ratios in comparison to 2009.

Few candidates were able to go on to analyse the data and give the pros and cons of the investment decision in context, concluding with a coherent summary at Level 3.

Morgan has given you the following formulae to help you calculate the profitability of *FSC Oldport*.

(c) Calculate gross profit margin and net profit margin for *FSC Oldport* for 2010.

(4)

Ratio	Calculation	2010 Calculation	2010 %	2009 %
Gross Profit Margin	$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$	$\frac{80,000 \times 100}{230,000}$ $= 34.78$	34.8% (rounded up) to 1 s.f.	33.3%
Net Profit Margin	$\frac{\text{Net Profit} \times 100}{\text{Sales}}$	$\frac{57,750 \times 100}{230,000}$	25.1%	18.1%

Morgan has the liquidity ratios below. Use these and the profitability ratios from question 3(c) to answer question 3(d).

Ratio	2010	2009
Acid Test Ratio	1:1	0.75:1
Current Ratio	1.2:1	1:1

(d) Assess how **both** the profitability and liquidity ratios would be useful to *FSC Oldport* if it is considering improving one of its 3D screens.

(8)

FSC Oldport's liquidity ratios are at an average size, and looking at the profitability percentages, they are higher in 2010 than they were in 2009. So it is clear that they are making a steadily increasing profit. Their current ratio in 2010 is higher than any other of the figures. Therefore I think they should take that opportunity, as they have spare money, to upgrade one of their 3D screens. By doing this, it would attract more customers, which means more money coming into the business.

which could give them an increased profit. With an increased profit, it can be very useful, as they will be able to increase their business, and also banks won't hesitate to give loans out, as they can see, that FSC will be able to pay it back. (Total for Question 3 = 16 marks)



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Examiner Comments

This answer is awarded level 2 and 4 marks but does not go on to analyse the data and give the pros and cons of the investment decision in context, or give with a coherent summary. It cannot therefore reach Level 3.

Morgan has given you the following formulae to help you calculate the profitability of FSC Oldport.

(c) Calculate gross profit margin and net profit margin for FSC Oldport for 2010.

(4)

Ratio	Calculation	2010 Calculation	2010 $\frac{\pounds 00}{23}$ %	2009 %
Gross Profit Margin	$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$	34.7826087	34.7%	33.3%
Net Profit Margin	$\frac{\text{Net Profit} \times 100}{\text{Sales}}$	25.10869565	25.1%	18.1%

Morgan has the liquidity ratios below. Use these and the profitability ratios from question 3(c) to answer question 3(d).

Ratio	2010	2009
Acid Test Ratio	1:1	0.75:1
Current Ratio	1.2:1	1:1

(d) Assess how **both** the profitability and liquidity ratios would be useful to FSC Oldport if it is considering improving one of its 3D screens.

(8)

The liquidity ratios would be useful to FSC Oldport if it was considering improving one of its 3D screens, because it shows the profit generated. For example on the table above, it shows in 2009 that the Acid Test Ratio is 0.75:1, whereas in 2010 it is 1:1. This means 2010 is better. Also for the current Ratio, the ratio in 2009 is 1:1, whereas in 2010 it is 1.2:1. Current Ratio shows profit better, and since in 2010, the current ratio is higher, this shows that more profit was made in 2010. So how high the profit is shows if ~~any~~ any 3D screens can be purchased.

The profit ability ratios would be useful to FSC Oldport ~~if~~ if it was considering ^{improving its} 3D screens, as the gross profit margin would let them know how much profit they have made, so they could predict how much money they would have left after improving ~~the~~ 3D screens.

This is how they would both be helpful for FSC Oldport if they chose to improve one of its 3D screens.



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Examiner Comments

This answer shows some knowledge and is awarded level 2 and 3 marks, but does not demonstrate the higher level skills.

Morgan has given you the following formulae to help you calculate the profitability of FSC Oldport.

(c) Calculate gross profit margin and net profit margin for FSC Oldport for 2010.

(4)

Ratio	Calculation	2010 Calculation	2010 %	2009 %
Gross Profit Margin	$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$	$\frac{80,000 \times 100}{230,000}$	34.8%	33.3%
Net Profit Margin	$\frac{\text{Net Profit} \times 100}{\text{Sales}}$	$\frac{57750 \times 100}{230,000}$ = 25.1%	25.1%	18.1%

Morgan has the liquidity ratios below. Use these and the profitability ratios from question 3(c) to answer question 3(d).

Ratio	2010	2009
Acid Test Ratio	1:1	0.75:1
Current Ratio	1.2:1	1:1

(d) Assess how **both** the profitability and liquidity ratios would be useful to FSC Oldport if it is considering improving one of its 3D screens.

(8)

If fsc old port improved there screens there ratio would go up and this would increase the customers that use you services, the profitability ratio would go up and it will pay for it self the & new screen.



ResultsPlus
Examiner Comments

Although the candidate has correctly calculated the ratios they have failed to assess their usefulness.

Question 4 (a)

Most candidates were awarded full marks for their selection of start up and running costs. The common error was mixing up initial and ongoing advertising.

4 FSC Oldport is considering the proposed improvements to its facilities of better seats and a bar in one 3D screen. Morgan has identified the following costs for this proposal.

- Bar fittings and fixtures
- Initial advertising
- Ongoing advertising
- Seating
- Utility bills – e.g. electricity, gas, water
- Wages

Identify **two** possible start-up costs and **two** possible running costs from Morgan's list above.

Start-up Costs

- 1 ongoing advertising
- 2 Seating



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Examiner Comments

The candidate has lost a mark for incorrectly selecting ongoing advertising as a start up cost.

4 FSC Oldport is considering the proposed improvements to its facilities of better seats and a bar in one 3D screen. Morgan has identified the following costs for this proposal.

- Bar fittings and fixtures
- Initial advertising
- Ongoing advertising
- Seating
- Utility bills – e.g. electricity, gas, water
- Wages

Identify **two** possible start-up costs and **two** possible running costs from Morgan's list above.

Start-up Costs

- 1 Bar fittings and fixtures and fittings
- 2 initial advertising



ResultsPlus
Examiner Comments

A perfect answer

Question 4 (b)

Most candidates were awarded full marks for their selection of start up and running costs.

Running Costs

- 1 Bar fittings and fixtures
- 2 Wages.



ResultsPlus
Examiner Comments

This candidate loses a mark for incorrectly identifying the fixtures and fittings as running cost.

Running Costs

- 1 Utility bills - e.g. electricity, gas, water.
- 2 Ongoing advertising.



ResultsPlus
Examiner Comments

A perfect answer.

Question 5 (a)

Although most candidates understood the difference between a debit card and a credit card a number of candidates were unable to offer advantages of a credit card over the debit card.

5 FSC Oldport lets customers pay for tickets using a variety of methods. A **customer** wants to book seats for a group of 20.

(a) State **two** advantages, to this customer, of using a credit card rather than a debit card to book these seats.

A credit card is easier to use and a credit card could book these seats online rather than face to face. ⁽²⁾



ResultsPlus
Examiner Comments

This candidate has not been awarded any marks.
Why is a credit card easier? Debit cards can also be used online.



ResultsPlus
Examiner Tip

'Easier' 'quicker' 'faster' are common answers given by candidates but they need to be fuller - e.g. easier than what?

5 FSC Oldport lets customers pay for tickets using a variety of methods. A customer wants to book seats for a group of 20.

(a) State **two** advantages, to this customer, of using a credit card rather than a debit card to book these seats.

(2)

Its ~~easy~~ makes it easier for the customer to pay for their ticket. Its quicker for them to pay for a ticket.



ResultsPlus
Examiner Comments

Another 'quicker and easier' answer that cannot gain any marks.

Question 5 (b)

The question was answered well by most candidates who clearly demonstrated their knowledge and understanding of the advantages and disadvantages of cash rather than credit card.

Although infrequent the main misconceptions came from candidates answering in terms of the advantage and disadvantage for the cinema customer rather than *FSC Oldport*. In addition some candidates used advantages and disadvantages that could be applied to both payment types, for instance 'fraudulent payments'.

Most candidates were able to give an advantage and disadvantage but often lacked the development needed to get the additional marks. The majority of candidates identified security as a disadvantage.

(b) Outline **one** advantage and **one** disadvantage to *FSC Oldport* if customers pay by **cash** rather than by credit card. would be immediate
(4)

Advantage

Payment of cash would mean that the payment would be immediate. Also cash is a quick and convenient way to pay for tickets etc.

Disadvantage

would mean that *FSC Oldport* would have a lot of cash on the premises and if not kept in a safe or locked somewhere safe it could get stolen easily.



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Examiner Comments

The advantage gains 1 mark only as the candidate has given 2 advantages rather than outlined one.
The disadvantage gains 2 marks.



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Examiner Tip

Read the command word!

(b) Outline **one** advantage and **one** disadvantage to *FSC Oldport* if customers pay by **cash** rather than by credit card.

(4)

Advantage

~~you don't get in debt~~
The customer doesn't get in debt

Disadvantage

The customer has to have the money
unlike credit card when you where you can
borrow it on credit



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Examiner Comments

The advantages and disadvantages are to the customer but the question asks for the advantages to FSC.



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Examiner Tip

Read the question and ensure you are answering with the right focus.

Question 6

Knowledge and understanding of the payment options discussed in the question were generally very good. Many candidates, however, failed to answer the question in context with many level 1 responses focusing on the loss of customers that would result in the non-acceptance of cheques. Few candidates applied this in the context of a cinema where few customers would actually opt for cheque as a payment method. In addition the best candidates who used this response could develop it in context for the cinema, often saying that cheques are more popular particularly with 'older people' who are 'less likely to use the cinema' and in addition may not 'know how to buy online'.

Many candidates gained marks for the knowledge of how 'booking cinema tickets online' would effect FSC plc focusing on the benefits of 'reduced cost/automatic/advanced payments' and the benefits this would have to the cinema customers. The main issue when candidates used this response was that frequently they could not develop it in context for the cinema, that online payments are more popular particularly with new technology and the mainly 'young' target audience of the organisation and how booking online could be mutually beneficial for both the organisation and their customers.

Candidates also on occasion did not read the question correctly or showed a misconception that because cheques would no longer be allowed, the only payment possible would be online, when all other payments would be accepted within the cinema as usual. Many also worked from the angle of the cinema implementing electronic payments for the first time rather than the customer no longer being able to use cheques.

The quality of written communication by some candidates was excellent showing a good quality of spelling, grammar and clarity of expression. From many candidates this was quite disappointing and frequently detracted from the response being given. Candidates are advised to produce written responses in a professional business style – bulleted answers are not suitable for this type of question.

Very few candidates were able to access L3. Overall they struggled to develop their answers within the context of a cinema.

*6 FSC plc has decided it will no longer accept cheques from its customers in payment for cinema tickets and other goods. One reason for this decision is that many people now book cinema tickets online and pay electronically.

Assess **two** possible effects this decision might have on FSC plc.

The two possible effects this decision might have on FSC plc is that many people will stop coming to Oldport. People like to book cinema tickets online and pay electronically because ~~they~~ it's quick and easy and they want to book it so they can watch it at a specific day. But now FSC plc will no longer accept cheques people wouldn't like to travel to the cinema to pay for the ticket because it's long travel. I think FSC plc should continue letting people pay online with cheques because it will get more money coming and the customers will be happy.



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Examiner Comments

This candidate incorrectly believes that customers can no longer buy tickets in the cinema.



ResultsPlus
Examiner Tip

Ensure you understand the written guidance before you answer the question.

*6 FSC plc has decided it will no longer accept cheques from its customers in payment for cinema tickets and other goods. One reason for this decision is that many people now book cinema tickets online and pay electronically.

Assess **two** possible effects this decision might have on FSC plc.

The first effect it ~~will~~^{might} have on FSC plc is that cash flow may be better. This would be because cheques take a least three working days to clear, so payment is not instant.

They can also 'bounce' if the customer does not have the money in their bank.

By paying by ~~any~~^{any} other methods e.g. debit card or cash, the payment is ~~into~~^{instant}, and therefore can instantly be added to the business's profit and cashflow.

The second effect it might have on the company is a negative one - disgruntled customers. This might be because some people prefer to ~~to~~ pay by cheques, as they can keep track of what they are spending money on, and have three working days to save the money in their bank if they do not already have it. If the company refuse to accept cheques anymore, then they may lose customers.



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Examiner Comments

This assessment is awarded level 2 and gains 4 marks. It has some reasons, causes and consequences but fails to give a conclusion.



ResultsPlus
Examiner Tip

When the command word is ASSESS be sure to give a conclusion to gain the higher marks.

*6 FSC plc has decided it will no longer accept cheques from its customers in payment for cinema tickets and other goods. One reason for this decision is that many people now book cinema tickets online and pay electronically.

Assess **two** possible effects this decision might have on FSC plc.

A possible effect is that those who currently use cheques to pay for tickets and other goods may no longer want to go cinema. As it might be hard for them to pay for services with alternative payment methods, this would mean ~~more~~ a decrease of customers; which inevitably means less revenue and profit.

Another effect is what it may encourage current customers who pay by cheque, to pay with alternative methods i.e. cash, credit card, debit card etc. This would help FCS ~~at~~ Plc to save time by ~~not~~ longer having to cash cheques, which ultimately would make it easier ~~for~~ and efficient to provide good fast service. This will allow more customers to be served noticeably ~~or~~ quicker, and the faster service may attract more potential customers.



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Examiner Comments

The candidate has assessed 2 possible effects but again omits a conclusion and is awarded 5 marks.

Summary

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** Profit and Loss Account'. 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.

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