

## Sample Assessment Materials

# Edexcel GCSE in Applied Business (2AB01) (2AB02)

### Inside this Sample Assessment Materials pack you'll find:

- Accessible papers to help you and your students prepare for the assessment
- Clear and concise mark schemes to let you know what the examiners are looking for
- Supported controlled assessment information including sample tasks and marking guidance to share with students.



# Welcome to the GCSE 2009 Applied Business Sample Assessment Materials

These sample assessment materials have been written to accompany the specification. They have been developed to give you and your students a flavour of the actual exam papers and mark schemes so they can experience what they will encounter in their assessments. They feature:

- **Accessible papers** using a mixture of question styles. We've worked hard to ensure the papers are easy to follow and encourage all students to achieve their full potential.
- **Clear and concise mark schemes** for each paper outlining what examiners will be looking for in the assessments, so you can use the sample papers with students to help them prepare for the real thing.
- **Supported controlled assessment**, including sample controlled assessment materials to show you the sort of activity students that students can undertake. Used in conjunction with the guidance in the Teacher's Guide, these samples will help you manage the controlled assessment in your centre and help students to do their best.

Our GCSE 2009 Applied Business qualification will be supported better than ever before. Keep up to date with the latest news and services available by visiting our website:

**[www.edexcel.com/gcse2009](http://www.edexcel.com/gcse2009)**

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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.

# Edexcel GCSE

## Applied Business

### Unit 1: Investigating How Businesses Work

Sample Controlled Assessment Material

Paper Reference

**5AB01/01**

**You do not need any other materials.**

#### Information

- Please see the next page of this document.

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## Instructions for Teachers

This unit is assessed through a controlled assessment task (internal assessment).

Students need to select two businesses to research (one must be a local business and the other either a national or a international business) and the centre will help guide students to find appropriate businesses to research and on which to base their research/ investigation. This allows the student to contextualise the task set.

The controlled assessment element of the qualification is centred around encouraging students to carry out research and investigation on the content of Unit 1, and **to apply this to a real local and a national or international business.**

They have to produce work for the activities for each unit based on the investigation carried out and its application to their selected businesses. The activities will be designed to encourage the higher-order skills of analysis and evaluation (AO3).

Research and preparation *can be completed outside the centre*. The results can be recorded in writing or electronically, and can be taken in and out of the centre and referred to during controlled writing time. However, you *must* inspect them, and be satisfied that they are the students' own work.

You will be responsible for supervising students' research and will also be responsible for supervising the writing up of the answers to the task, together with the marking of the work. The work will then be moderated by Edexcel (although the Part A marks for personal and interpersonal skills will not be included in this moderation process).

It is suggested that the time allowed for research is approximately eight curriculum weeks (a maximum of 24 hours) and approximately four weeks of curriculum time (a maximum of 12 hours) for the writing-up session(s).

You must keep a written record to ensure that each student's 'writing time' has *not been exceeded*.

## Instructions for Candidates

### Unit 1 Controlled Assessment Task: Structure and Functions of a Business

Select two businesses to research, one must be a local business and the other, either a national or international business.

Both organisations will be used to complete Activity 1.

The larger of the two businesses you have chosen will be used to complete Activity 2.

Only **one** of your chosen businesses will be used to complete Activity 3.

Once you have selected your two businesses, you will need to complete the activities below:

#### Activity 1 (30 marks)

**Investigate what a business is and what businesses do**

#### Activity 2 (30 marks)

**Analyse how businesses are organised**

#### Activity 3 (30 marks)

**Evaluate why stakeholders are so important**

To be able to address these issues, you need to research and gather appropriate information on your chosen businesses. This information can be gathered by:

- visits to your chosen businesses
- speakers from your chosen businesses visiting your centre
- leaflets and other publications/promotional materials produced by your chosen businesses
- the internet – the website of your chosen businesses and any other associated websites.

The research stage of the task can be completed under limited supervision and you are permitted to work in a group.

Once you have completed your research, you will have to individually present, analyse and evaluate your findings under a medium level of control. You will have designated sessions in which to complete the writing up that will be subject to informal supervision. You may use your research folder during this stage of the task. Your work will be kept securely after each session by your teacher and must not be removed or used outside of the controlled conditions of this task.

## Exemplification of activities

### Activity 1: Investigate what a business is and what businesses do

Compare and contrast the **two businesses** you have chosen. For this you should consider the following:

	<ul style="list-style-type: none"><li>• the reasons behind your choice of businesses</li><li>• the aims, objectives, purpose, activities and main competitors of both of your businesses</li></ul>
	<ul style="list-style-type: none"><li>• the form of ownership of your two chosen businesses</li><li>• the type of legal liability chosen by both businesses and the implications these will have on each business in the event of liquidation or insolvency</li></ul>
	<ul style="list-style-type: none"><li>• how one of your businesses is responding to ethical and sustainability issues and if the claims the business make in this respect have any foundation.</li></ul>

### Activity 2: Analyse how businesses are organised

Focusing on the **larger** of your two chosen businesses, to complete this activity you should consider the following:

	<ul style="list-style-type: none"><li>• the type of organisation structure the business has</li><li>• the functional areas of the business and the importance of <b>one</b> of these functional areas to the business</li><li>• forms of communication used in the business and whether they allow the functional areas to work together.</li></ul>
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### Activity 3: Evaluate why stakeholders are so important

For **one** of your chosen businesses, to complete this activity you should consider the following:

- who the stakeholders of the businesses are
- who the most important group of stakeholders are and why
- the customer:
  - why are they important to the business?
  - how do they influence the business?
  - what are their needs?
  - how would they evaluate the customer service of the business?
- rights and responsibilities of both employees and employers in the business
- the problems legislation and regulations impose on the business.

### Reflection on skills

**When completing the three activities above, you should reflect on the following, explaining what worked well and what did not, as these skills will be assessed in the marking grids in Part B.**

- Your time management, personal organisation and action planning.
- Your use of data and problem solving.
- The role you and others have played in any group work undertaken as part of your investigations/ research for this unit.
- The suitability of your chosen presentation methods.

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## Assessment criteria

For the selected task teachers must mark the student's work using the assessment criteria specified below. Teachers should check carefully that students' work is their own and that it is not copied from research material without any attempt by the students to put the material into their own words.

Each task should be awarded marks as follows.

### **Part A: non-moderated internal assessment of personal and interpersonal skills**

- Total = 10 marks
- Not moderated

### **Part B: Edexcel-set controlled assessment task**

- Activity 1 = 30 marks
- Activity 2 = 30 marks
- Activity 3 = 30 marks
- Total for task = 90 marks
- Moderated by Edexcel

**Total for Part A and Part B = 100 marks.**

## Part A: **Marking grid for non-moderated internal assessment of personal and interpersonal skills**

---

### Personal and interpersonal skills

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited development of communication skills demonstrated across the activities of the task. Shows limited initiative and response when prompted. If task involved teamwork, limited contribution to teamwork activities.
3–5	Some development of communication skills demonstrated across the activities of the task. Some initiative shown, mostly responded when prompted with some input. If task involved teamwork, some contribution to teamwork activities.
6–8	Good development of communication skills demonstrated across the activities of the task. Good initiative shown at important stages, good input when prompted for response. If task involved teamwork, good contribution to teamwork activities.
9–10	Excellent development of communication skills demonstrated across the activities of the task. Led the team task with relevant and useful input both through own initiative and when prompted for responses. If task involved teamwork, excellent contribution to teamwork activities.
<b>Total for non-moderated internal assessment of personal and interpersonal skills = 10 marks</b>	

## Part B: **Marking grids for Edexcel-set controlled assessment task: Activities 1, 2 and 3**

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### Activity 1

#### Research

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Research from limited sources with limited focus on the task.
3–4	Research from a range of sources with some focus on the task.
5–6	Research from a range of relevant sources with good selectivity, organisation and focus on the task.



## Present information/data

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Information/data presented in a basic way with little attention to detail and presentation skills.
3–4	Information/data presented clearly, showing good attention to detail and presentation skills.
5–6	Information/data presented in a clear, well-structured layout with a high level of attention to detail and presentation skills.

## \*Decision making - problem solving and analysis (compare and contrast)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Basic analysis of presented information/data showing limited understanding of any patterns. Basic comparisons and contrasts where appropriate to task. 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.
3–4	Some analysis of presented information/data showing reasonable understanding of patterns and trends and some comparisons and contrasts where appropriate to task. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed analysis of presented information/data showing good understanding of patterns and trends and relevant and comprehensive comparisons and contrasts where appropriate to task. 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 and there will be clear evidence of analysis in the answer.

## \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited evaluation of the tasks, personal and any group involvement.  Limited value judgements made. 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.
3–4	Some evaluation of the task, personal and any group involvement. Some value judgements made with supporting evidence. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.

### \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
5–6	Detailed evaluations of the task, personal and any group involvement. Detailed value judgements made with fully supported evidence. 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 and there will be clear evidence of evaluation in the answer.

### Methodology (planning/organisation/time management)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited organisation skills evidenced during the task. Limited planning and time management evidenced throughout the task.
3–4	Some good organisational skills evidenced during the task. Some good use of planning and time management evidenced during the task.
5–6	Excellent organisational skills evidenced during the task. Excellent use of planning and time management evidenced during the task.
<b>Total for Activity 1 = 30 marks</b>	

\* Indicates opportunity for students to be assessed on Quality of Written Communication – Strands (i), (ii) and (iii):

Students will be assessed on their ability to:

- (i) write legibly, with accurate use of spelling, grammar and punctuation in order to make the meaning clear
- (ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
- (iii) organise relevant information clearly and coherently, using specialist vocabulary when appropriate.

Marks for the selected task should be recorded on the controlled assessment record sheet – a draft example of this can be found in *Appendix 4*.

## Activity 2

### Research

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Research from limited sources with limited focus on the task.
3–4	Research from a range of sources with some focus on the task.
5–6	Research from a range of relevant sources with good selectivity, organisation and focus on the task.

### Present information/data

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Information/data presented in a basic way with little attention to detail and presentation skills.
3–4	Information/data presented clearly, showing good attention to detail and presentation skills.
5–6	Information/data presented in a clear, well-structured layout with a high level of attention to detail and presentation skills.

### \*Decision making - problem solving and analysis (compare and contrast)

Mark range	Descriptor
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3–4	Some analysis of presented information/data showing reasonable understanding of patterns and trends and some comparisons and contrasts where appropriate to task. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed analysis of presented information/data showing good understanding of patterns and trends and relevant and comprehensive comparisons and contrasts where appropriate to task. 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 and there will be clear evidence of analysis in the answer.

### \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited evaluation of the tasks, personal and any group involvement. Limited value judgements made. 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.
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5–6	Detailed evaluations of the task, personal and any group involvement. Detailed value judgements made with fully supported evidence. 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 and there will be clear evidence of evaluation in the answer.

### Methodology (planning/organisation/time management)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited organisation skills evidenced during the task. Limited planning and time management evidenced throughout the task.
3–4	Some good organisational skills evidenced during the task. Some good use of planning and time management evidenced during the task.
5–6	Excellent organisational skills evidenced during the task. Excellent use of planning and time management evidenced during the task.
<b>Total for Activity 2 = 30 marks</b>	

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- (i) write legibly, with accurate use of spelling, grammar and punctuation in order to make the meaning clear
- (ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
- (iii) organise relevant information clearly and coherently, using specialist vocabulary when appropriate.

Marks for the selected task should be recorded on the controlled assessment record sheet – a draft example of this can be found in *Appendix 4*.

## Activity 3

### Research

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Research from limited sources with limited focus on the task.
3–4	Research from a range of sources with some focus on the task.
5–6	Research from a range of relevant sources with good selectivity, organisation and focus on the task.

### Present information/data

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Information/data presented in a basic way with little attention to detail and presentation skills.
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### \*Decision making - problem solving and analysis (compare and contrast)

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5–6	Detailed analysis of presented information/data showing good understanding of patterns and trends and relevant and comprehensive comparisons and contrasts where appropriate to task. 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 and there will be clear evidence of analysis in the answer.

### \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited evaluation of the tasks, personal and any group involvement. Limited value judgements made. 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.
3–4	Some evaluation of the task, personal and any group involvement. Some value judgements made with supporting evidence. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed evaluations of the task, personal and any group involvement. Detailed value judgements made with fully supported evidence. 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 and there will be clear evidence of evaluation in the answer.

### Methodology (planning/organisation/time management)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited organisation skills evidenced during the task. Limited planning and time management evidenced throughout the task.
3–4	Some good organisational skills evidenced during the task. Some good use of planning and time management evidenced during the task.
5–6	Excellent organisational skills evidenced during the task. Excellent use of planning and time management evidenced during the task.
<b>Total for Activity 3 = 30 marks</b>	

\* Indicates opportunity for students to be assessed on Quality of Written Communication – Strands (i), (ii) and (iii):

Students will be assessed on their ability to:

- (i) write legibly, with accurate use of spelling, grammar and punctuation in order to make the meaning clear
- (ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
- (iii) organise relevant information clearly and coherently, using specialist vocabulary when appropriate.

Marks for the selected task should be recorded on the controlled assessment record sheet – a draft example of this can be found in *Appendix 4*.



Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

**Applied Business**  
**Unit 2: Financial Records**

Sample Assessment Materials

**Time: 1 hour**

Paper Reference

**5AB02/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 60.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed.  
– *you should take particular care with your spelling, punctuation and grammar, as well as the clarity of expression, on these questions.*

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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## SCENARIO

The questions in this paper are based on the following scenario.

You should read this scenario carefully before you start to answer the questions.

### *Sajona*

*Sajona* is a business that makes filing cabinets and other storage products. Most of its products are sold directly to business customers, and all customers who visit the website of *Sajona* can order storage products for home delivery.

The company's main factory and offices are located in the UK.



Natalie Osborne has just started work in the Finance Department at *Sajona*. Natalie's work includes handling business documents, paying bills, and making entries in the business accounts.

You work in the Finance Department at *Sajona* and you have been asked by your boss to help Natalie when she asks you for advice.

**Questions 1(a) and 1(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 ☒.**

**1** (a) A Purchase Order will be sent by a business, such as *Sajona*, when it needs to: (1)

- A** buy goods
- B** pay for goods
- C** sell goods
- D** send goods

(b) When a bill has been paid, a document is given to the customer. This document is called a: (1)

- A** credit note
- B** delivery note
- C** receipt
- D** voucher

Natalie is completing her first Sales Invoice. She has asked you for some help with calculating the figures.

(c) Calculate the 'Total to Pay' by completing Natalie's Sales Invoice below.

<b>Code</b>	<b>Description</b>	<b>Amount</b>	<b>Unit price (£)</b>	<b>£</b>	<b>p</b>	
CB11	Metal cabinet 3-drawer	4	75.50	302	00	
SB44	Plastic box 30 cm with lid	24	2.25	54	00	
Total goods						(1)
Trade discount @ 20%						
Subtotal						(1)
VAT @ 17.5%						
Total to pay						(1)

You have started to draw the chart below to help Natalie understand the flow of financial documents.

Your chart shows the order in which documents are sent when *Sajona* buys from a supplier. Each arrow points in the direction that the document takes.

(d) Complete the chart below.

(i) In each of the **three** blank boxes, write the name of **one** of the documents listed below in the correct order, from left to right.

- Cheque
- Delivery Note
- Statement of Account

(2)

(ii) Draw an arrow from each empty box to show who sends the document and who receives it.

(3)

**Business**

**Sajona**

**Document**

1.

Purchase Order

2.

3.

Invoice

4.

5.

**Business**

**The Supplier**

**(Total for Question 1 = 10 marks)**

2 You are showing Natalie how the accounts are produced at *Sajona*. There is a computerised accounting system to prepare financial documents and update records.

(a) State **one** way that a computerised accounting system will help update records quickly.

(1)

Natalie has been talking to you about errors that happen when using computerised accounting systems.

(b) Describe **one** possible error that might happen when using computerised accounting systems.

(2)

You have been asked to order new items for the computerised system. Below is an extract from the supplier's sales catalogue.

<b>Compupaper Ltd – 10 Maybury Road, Wellington WL1 2ER</b>				
<b>Details and prices</b>				
<b>Item</b>		<b>Colour</b>	<b>Reference number</b>	<b>Price (£)</b>
Keyboard wrist rest	Adjustable	Black	KWR-AB	32.50
		Grey	KWR-AG	34.50
Keyboard wrist rest	Non-adjustable	Black	KBR-NB	28.50
		Grey	KBR-NG	30.50
Mouse mat	Plain	Brown	MM-PBR	3.35
		Black	MM-PBL	3.35
Mouse mat	Patterned	Red	MM-PAR	3.95
		Green	MM-PAG	3.95



Your boss has sent you the following e-mail about the order.

Please order 5 adjustable black wrist rests, and 3 non-adjustable (one of these in grey).  
 We'll also need 8 new mouse mats - all plain brown please.

By the way, we want these delivered as soon as possible.

(c) Complete the Purchase Order below. The last order was numbered 4472. (7)

<b>Date:</b> <u>26<sup>th</sup> June 2009</u>						
<b>Sajona</b>			<b>Purchase Order No:</b> _____			
<b>To:</b> _____						
<b>Address:</b> _____						
_____ <b>Postcode:</b> _____						
<b>Please Supply:</b>						
Quantity	Description	Ref. no.	Unit price		Total price	
			£	p	£	p
<b>Total</b>						
<b>Delivery terms:</b>						

**(Total for Question 2 = 10 marks)**

3 *Sajona* uses the following methods to pay for its goods and services.

Cash	Cheque	Credit card	Debit card	Direct debit
------	--------	-------------	------------	--------------

Natalie has to carry out the following tasks.

**Task A:** Pay a bill to an electricity supplier. The amount to be paid will vary each month. It must be paid every month otherwise *Sajona* will have to pay a penalty fee.

**Task B:** Go to the local Post Office to buy three first-class stamps.

**Task C:** Order a new computer screen. The supplier will expect to be paid by post.

**Task D:** Order some stationery over the telephone. When ordering, a £10 deposit will need to be paid immediately.

(a) For each of the tasks above, what would be the **most appropriate** method of payment? A payment method may be used more than once.

(4)

Indicate your answer by marking the box . If you change your mind, put a line through the box  and then indicate your new answer with a cross .

Task	Cash	Cheque	Credit card	Debit card	Direct debit
<b>A</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>C</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>D</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Sajona* is planning to make and sell computer desks for the 'home office' market. You have identified the following costs of doing this.

- Market research will be used to see if people are interested in the new desks.
- Each computer desk will be made from materials costing £20.
- *Sajona* will advertise the new computer desks every week.
- Machines will be bought to help make the new desks.

(b) Using examples from the list above, explain the difference between a start-up cost and running cost.

**Start-up cost:**

(1)

**Example:**

(1)

**Running cost:**

(1)

**Example:**

(1)

*Sajona* will allow customers to buy the new desks by either credit card or debit card.

- (c) Outline **one** advantage to a customer of using a credit card, rather than a debit card, when buying a new desk. (2)

.....

.....

.....

.....

**(Total for Question 3 = 10 marks)**

**4** Most of *Sajona's* customers pay their bills by credit cards.

- (a) Outline **two** advantages to a business such as *Sajona* of allowing customers to pay by credit cards. (4)

Advantage 1:

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Advantage 2:

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*Sajona's* computerised accounting system replaced a manual system.

(b) Examine whether using a computerised accounting system instead of a manual one is likely to benefit *Sajona*.

(6)

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**(Total for Question 4 = 10 marks)**

- 5 Every month you receive a memorandum containing information about *Sajona's* sales and costs. You use this information to calculate the monthly profit or loss.

An extract from the most recent memorandum is shown below.

Here are our figures for last month.	
Sales of:	
filing cabinets	£42 750
storage boxes	£36 625
other items	£78 540
Cost of these sales	£37 805
Wages and salaries	£62 750
Rent, rates and insurance	£13 500
Light, heat and power	£4 770
Sales and distribution costs	£12 085

- (a) Use this information to construct the Profit and Loss summary for *Sajona*.

(8)

**Profit and Loss summary for *Sajona* for last month**

	£	£
Total sales		
Gross profit		
Expenses:		
Total expenses:		

You have asked Natalie to draw up a blank balance sheet, in which you will enter figures for *Sajona's* assets and liabilities.

Natalie has given you the following printout. It contains one error.

### Sajona's Balance Sheet

**Fixed assets**

- Premises
- Machinery and equipment
- Vehicles

**Current assets**

- Stocks
- Debtors
- Bank loan

**Less current liabilities**

- Bank overdraft
- Creditors

**Working capital**

**Financed by:**

- Capital

(b) Identify and describe the error that Natalie has made in the above printout.

(2)

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**(Total for Question 5 = 10 marks)**

\*6 Sajona's recent financial statements (final accounts) include the figures below.

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Sales	4 350 000	3 600 000
Gross profit	1 218 000	1 080 000
Net profit	217 500	72 000

Natalie has calculated the following ratios using other information from *Sajona's* financial statements.

	<b>2008</b>	<b>2007</b>
Current Ratio	1.5 to 1	2 to 1
Acid Test Ratio	0.75 to 1	1 to 1

Natalie believes the financial performance of *Sajona* in 2008 is better than in 2007. She has asked you to calculate more ratios and explain to her whether she is right to believe this.

Natalie has drawn up the following table, which contains formulas she thinks might be relevant.

Ratio	Calculation
Net profit margin	$\frac{\text{Net profit}}{\text{Sales}}$
Gross profit margin	$\frac{\text{Gross profit}}{\text{Sales}}$
Return on capital employed	$\frac{\text{Net profit}}{\text{Capital employed}}$

Using the above information, assess whether Natalie is right to believe that the financial performance of *Sajona* is better in 2008 than in 2007.

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**(Total for Question 6 = 10 marks)**

**TOTAL FOR PAPER = 60 MARKS**

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## Sample Mark Scheme

### Unit 2: Financial Records

Question Number	Answer	Mark
1(a)	A	(1)

Question Number	Answer	Mark
1(b)	C	(1)

Question Number	Answer	Mark
1(c)	See completed invoice below.	(3)

	Metal cabinet	302	00		
	Plastic box	54	00		
	<b>Total goods</b>	<b>356</b>	<b>00</b>	(1)	
	Trade discount @ 20%	71	20		
	<b>Subtotal</b>	<b>284</b>	<b>80</b>	(1) OFR	OFR if 20% deducted
	Vat @ 17.5%	49	84		
	<b>Total to pay</b>	<b>244</b>	<b>96</b>	(1) OFR	OFR if 17.5% added

Question Number	Answer	Mark
1(d)(i) 1(d)(ii)	<p>(i) Document names and positions: 2 marks for all three, 1 mark for one or two. (2)</p> <p>(ii) Arrows: 1 mark from <i>Sajona</i>, 2 x 1 mark to <i>Sajona</i>. (3)</p>	

Question Number	Answer	Mark
2(a)	<b>1 mark for way:</b> <ul style="list-style-type: none"> <li>• One entry updates several records with the same figure</li> <li>• Automatic calculation/recalculation</li> </ul>	(1)

Question Number	Answer	Mark
2(b)	<b>1 mark for error</b> <b>1 mark for description</b> <ul style="list-style-type: none"> <li>• Input error (1) - records will be wrong if original figure is entered correctly (1)</li> <li>• Source error (1) - wrong document used to input information means wrong information (1)</li> <li>• System error (1) - computer 'crashes'/data is lost (1)</li> <li>• Virus error (1) - Trojan/virus means data cannot be accessed/read (1)</li> <li>• Program error (1) - wrong calculation/wrong positioning of data (1)</li> </ul>	1x2 (2)

Question Number	Answer	Mark
2(c)	Purchase order number, address and instruction (terms): 2 marks if all correct; 1 mark if one or two correct	(2)
	Correctly filled in rows: 1 mark for each (total of 4)	(4)
	Correct total: 1 mark	(1)
	See completed Purchase Order below.	

<i>Sajona</i>		Purchase Order No: <u>4473</u>				
To: <b>Compupaper Ltd</b>						
Address: <b>10 Maybury Road</b>		Postcode: <b>WL1 2ER</b>				
<b>Wellingley</b>						
Qty	Description	Ref. No.	Unit price		Total price	
			£	p	£	p
5	Adjustable black wrist rests	KWR-AB	32	50	162	50
2	Non-adjustable black wrist rests	KBR-NB	28	50	57	00
1	Non-adjustable grey wrist rest	KBR-NG	30	50	30	50
8	Mouse mats, plain brown	MM-PBR	3	35	6	70
Total					276	80
Delivery Terms: <b>Immediately</b>						



Question Number	Answer	Mark
4(a)	<p>1 mark for each advantage 1 mark for each outline</p> <ul style="list-style-type: none"> <li>• Meeting customer preferences (1) - people expect to be able to pay by 'plastic'/more likely to buy (1)</li> <li>• Encourages impulse purchases (1) - customers don't need to have enough cash/their chequebook with them (1)</li> <li>• Wider customer base (1) - sales can be made over the telephone (1)</li> <li>• More secure (1) - because it reduces the amount of cash on the premises (1)</li> <li>• Easier administration (1) - a regular statement of card transactions rather than numerous cash and cheque transactions (1)</li> </ul> <p style="text-align: right;">(1+1) x 2</p>	(4)

Question Number	Answer	Mark
4(b)	<ul style="list-style-type: none"> <li>• Work is completed faster than a manual one - saves time/increases <i>Sajona's</i> profit/increases <i>Sajona's</i> efficiency</li> <li>• Work is more accurate than a manual one - easier to 'prove' balances/one entry updates several records with the same figure/transcription errors less likely - <i>Sajona's</i> customers/suppliers will have fewer errors/could improve working relationships</li> <li>• Easier/cheaper for <i>Sajona</i> to store information compared with a manual system - this is now stored electronically</li> <li>• <i>Sajona's</i> labour costs could be lowered - because fewer staff will be needed in the long run</li> <li>• But increased training so staff can use the system - this will increase <i>Sajona's</i> costs</li> <li>• <i>Sajona</i> is dependent on technology - risk of breakdown/corrupted files - may affect quality/speed of <i>Sajona's</i> work</li> </ul> <p>(see below)</p>	(6)
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1 - 2	Candidate has provided a basic answer. Reference is made to benefits, with drawbacks not being considered. Simple descriptive comments are made, with limited application to the business.
Level 2	3 - 4	Candidate has provided a sound answer. Although drawbacks are not considered, the reference to benefits is explanatory rather than descriptive, and applied to a business situation rather than a series of generic statements.
Level 3	5 - 6	Candidate has provided a detailed answer. There will be a consideration of benefits and drawbacks, ie not an automatic acceptance that computerisation is 'good'. Points will be explanatory rather than descriptive, and will apply to the business situation. Whilst a conclusion is not required, candidates' answers at the top end will recognise that - overall - computerisation is probably beneficial.



Question Number	Answer	Mark
5(a)	See completed Profit and Loss summary below.	(8)

	£	£	
Total sales		157 915	(1)
Cost of sales		37 805	(1) (both)
Gross profit		120 110	(1) OFR
Expenses:			
Wages and salaries	62 750		(1) (both)
Rent, rates and insurance	13 500		(1) (both)
Light, heat and power	4 770		(1) (both)
Sales and distribution costs	12 085		(1) (both)
Total expenses:		93 105	
Net profit		27 005	(1) no OFR

Question Number	Answer	Mark
5(b)	<p>1 mark for error identified 1 mark for description</p> <ul style="list-style-type: none"> <li>'Bank loan' is under the wrong heading (1) - it is a current liability/long term liability (1)</li> </ul> <p style="text-align: right;">1+1</p>	(2)

Question Number	Answer	Mark
*6  QWC (i, ii and iii)	<ul style="list-style-type: none"> <li>• Sales increased by £750 000, gross profit by £138 000 and net profit by £145 500</li> <li>• Net profit ratio increased - from 2% to 5%</li> <li>• Gross profit ratio fallen - from 30% to 28%</li>   <li>• Current ratio has fallen - by 0.5</li> <li>• Acid test ratio has fallen - by 0.25</li>   <li>• <i>Sajona</i> was more profitable in 2008 than in 2007/performance is better in 2008 than in 2007 OFR <ul style="list-style-type: none"> <li>- because it is making more net profit per £ of sales/because it is making more net profit OFR</li> <li>- although the gross profit margin has fallen OFR</li> <li>- profit margin has reduced/expenses per £ of sales have fallen OFR</li> </ul> </li> <li>• <i>Sajona's</i> liquidity position worsened in 2008 - because both current and acid test ratios fell</li> <li>• Ratios suggest <i>Sajona</i> might have problems meeting short-term debts</li>   <li>• Natalie's judgement is correct OFR if based on profitability - but this is a limited analysis because there is not enough information to calculate ROCE</li>   <li>• Natalie is ignoring the reduced liquidity - which is a key part of financial performance/which suggests this aspect of financial performance is not better</li> </ul> <p>(see below)</p>	(10)
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1 - 3	Candidate has undertaken a basic analysis of the information. Reference is made to the absolute change in given figures, with the possibility of further analysis by calculating ratios with some degree of accuracy and making simple statements of increase or reduction. Conclusions will be simplistic and based on little evidence. 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.

Level 2	4 - 7	Candidate has undertaken a sound analysis, which might be supported by conclusions based on this analysis. Ratios are calculated accurately and increases or reductions are stated and commented on. Conclusions will be limited in scope but based on evidence. 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 that in level 3.
Level 3	8 - 10	Candidate has undertaken a detailed analysis, which is supported by conclusions based on this analysis. Ratios are calculated accurately, increases or reductions are stated and commented on, and there are clear distinctions made between profitability and liquidity. Conclusions recognise the differing status of the profitability and liquidity information, and may also recognise limitations of the analysis. 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 and there will be clear evidence of analysis in the answer.



# Edexcel GCSE

## Applied Business (Double Award)

### Unit 3: Investigating People, Business and Change

Sample Controlled Assessment Material

Paper Reference

**5AB03/01**

**You do not need any other materials.**

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## Instructions for Teachers

This unit is assessed through a controlled assessment task (internal assessment).

Students need to select two businesses to research (one must be a local business and the other either a national or a international business) and the centre will help guide students to find appropriate businesses to research and on which to base their research/investigation. This allows the student to contextualise the task set.

The controlled assessment element of the qualification is centred around encouraging students to carry out research and investigation on the content of Unit 3, and **to apply this to a real local and a national or international business.**

They have to produce work for the activities for each unit based on the investigation carried out and its application to their selected businesses. The activities will be designed to encourage the higher-order skills of analysis and evaluation (AO3).

Research and preparation *can be completed outside the centre*. The results can be recorded in writing or electronically, and can be taken in and out of the centre and referred to during controlled writing time. However, you *must* inspect them, and be satisfied that they are the students' own work.

You will be responsible for supervising students' research and will also be responsible for supervising the writing up of the answers to the task, together with the marking of the work. The work will then be moderated by Edexcel (although the Part A marks for personal and interpersonal skills will not be included in this moderation process).

It is suggested that the time allowed for research is approximately eight curriculum weeks (a maximum of 24 hours) and approximately four weeks of curriculum time (a maximum of 12 hours) for the writing-up session(s).

You must keep a written record to ensure that each student's 'writing time' has *not been exceeded*.

## Instructions for Candidates

### **Unit 3 Controlled Assessment Task: Relationships Between People and Businesses**

Select two businesses to research, one must be a local business and the other, either a national or international business.

Once you have selected your two businesses, you will need to complete the activities below:

#### **Activity 1 (30 marks)**

##### **Evaluate why people are so important to businesses**

#### **Activity 2 (30 marks)**

##### **Investigate how businesses develop**

#### **Activity 3 (30 marks)**

##### **Analyse how external factors affect businesses**

To be able to address these issues, you need to research and gather appropriate information on your chosen businesses. This information can be gathered by:

- visits to your chosen businesses
- speakers from your chosen businesses visiting your centre
- leaflets and other publications/promotional materials produced by your chosen businesses
- the internet – the website of your chosen businesses and any other associated websites.

The research stage of the task can be completed under limited supervision and you are permitted to work in a group.

Once you have completed your research, you will have to individually present, analyse and evaluate your findings under a medium level of control. You will have designated sessions in which to complete the writing up that will be subject to informal supervision. You may use your research folder during this stage of the task. Your work will be kept securely after each session by your teacher and must not be removed or used outside of the controlled conditions of this task.

## Exemplification of activities

### Activity 1: Evaluate why people are so important to businesses

For this activity, you should consider the following:

- how your larger chosen business maintains, monitors and improves its customer service to meet the expectations of both internal and external customers (evaluate this from the point of view of the business).

For an appropriate advertised role in one of your chosen businesses:

- complete a letter of application and CV and address all the points in the job description and person specification
- produce suitable questions for both the interviewer and interviewee to ask.

For one of your chosen businesses:

- the different forms of induction and training available
- suggest improvements which the business could make to its induction and training processes.

### Activity 2: Investigate how businesses develop

Compare and contrast the **two businesses** you have chosen. For this you should consider the following:

For both of your chosen businesses:

- the nature of the market within which each of your businesses operates and explain, with reasons, whether these markets are growing, static or in decline.

For one of your chosen businesses:

- the two most important consumer laws to one of your chosen businesses and why they are important
- evaluate the reasons why the business has selected its current location.



### Activity 3: Analyse how external factors affect businesses

Compare and contrast the **two businesses** you have chosen. For this you should consider the following:

For one of your chosen businesses:

- who their main competitors are and how they impact on the business
- the importance of flexibility of working arrangements.

For both of your chosen businesses and their customers:

- the affect of the Government's management of the economy and changes in economic conditions.

### Reflection on skills

**When completing the three activities above you should reflect on the following, explaining what worked well and what did not, as these skills will be assessed in the marking grids in Part B.**

- Your time management, personal organisation and action planning.
- Your use of data and problem solving.
- The role you and others have played in any group work undertaken as part of your investigations/research for this unit.
- The suitability of your chosen presentation methods.

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## Assessment criteria

For the selected task teachers must mark the student's work using the assessment criteria specified below. Teachers should check carefully that students' work is their own and that it is not copied from research material without any attempt by the students to put the material into their own words.

Each task should be awarded marks as follows.

### **Part A: non-moderated internal assessment of personal and interpersonal skills**

- Total = 10 marks
- Not moderated

### **Part B: Edexcel-set controlled assessment task**

- Activity 1 = 30 marks
- Activity 2 = 30 marks
- Activity 3 = 30 marks
- Total for task = 90 marks
- Moderated by Edexcel

**Total for Part A and Part B = 100 marks.**

## Part A: Marking grid for non-moderated internal assessment of personal and interpersonal skills

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### Personal and interpersonal skills

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited development of communication skills demonstrated across the activities of the task. Shows limited initiative and response when prompted. If task involved teamwork, limited contribution to teamwork activities.
3–5	Some development of communication skills demonstrated across the activities of the task. Some initiative shown, mostly responded when prompted with some input. If task involved teamwork, some contribution to teamwork activities.
6–8	Good development of communication skills demonstrated across the activities of the task. Good initiative shown at important stages, good input when prompted for response. If task involved teamwork, good contribution to teamwork activities.
9–10	Excellent development of communication skills demonstrated across the activities of the task. Led the team task with relevant and useful input both through own initiative and when prompted for responses. If task involved teamwork, excellent contribution to teamwork activities.
<b>Total for non-moderated internal assessment of personal and interpersonal skills = 10 marks</b>	

## Part B: Marking grids for Edexcel-set controlled assessment task: Activities 1, 2 and 3

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### Activity 1

#### Research

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Research from limited sources with limited focus on the task.
3–4	Research from a range of sources with some focus on the task.
5–6	Research from a range of relevant sources with good selectivity, organisation and focus on the task.

## Present information/data

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Information/data presented in a basic way with little attention to detail and presentation skills.
3–4	Information/data presented clearly, showing good attention to detail and presentation skills.
5–6	Information/data presented in a clear, well-structured layout with a high level of attention to detail and presentation skills.

## \*Decision making – problem solving and analysis (compare and contrast)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Basic analysis of presented information/data showing limited understanding of any patterns. Basic comparisons and contrasts where appropriate to task. 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.
3–4	Some analysis of presented information/data showing reasonable understanding of patterns and trends and some comparisons and contrasts where appropriate to task. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed analysis of presented information/data showing good understanding of patterns and trends and relevant and comprehensive comparisons and contrasts where appropriate to task. 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 and there will be clear evidence of analysis in the answer.

## \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited evaluation of the tasks, personal and any group involvement.  Limited value judgements made. 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.
3–4	Some evaluation of the task, personal and any group involvement. Some value judgements made with supporting evidence. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.

### \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
5–6	Detailed evaluations of the task, personal and any group involvement. Detailed value judgements made with fully supported evidence. 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 and there will be clear evidence of evaluation in the answer.

### Methodology (planning/organisation/time management)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited organisation skills evidenced during the task. Limited planning and time management evidenced throughout the task.
3–4	Some good organisational skills evidenced during the task. Some good use of planning and time management evidenced during the task.
5–6	Excellent organisational skills evidenced during the task. Excellent use of planning and time management evidenced during the task.
<b>Total for Activity 1 = 30 marks</b>	

\* Indicates opportunity for students to be assessed on Quality of Written Communication – Strands (i), (ii) and (iii):

Students will be assessed on their ability to:

- (i) write legibly, with accurate use of spelling, grammar and punctuation in order to make the meaning clear
- (ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
- (iii) organise relevant information clearly and coherently, using specialist vocabulary when appropriate.

Marks for the selected task should be recorded on the controlled assessment record sheet – a draft example of this can be found in *Appendix 4*.



## Activity 2

### Research

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Research from limited sources with limited focus on the task.
3–4	Research from a range of sources with some focus on the task.
5–6	Research from a range of relevant sources with good selectivity, organisation and focus on the task.

### Present information/data

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Information/data presented in a basic way with little attention to detail and presentation skills.
3–4	Information/data presented clearly, showing good attention to detail and presentation skills.
5–6	Information/data presented in a clear, well-structured layout with a high level of attention to detail and presentation skills.

### \*Decision making – problem solving and analysis (compare and contrast)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Basic analysis of presented information/data showing limited understanding of any patterns. Basic comparisons and contrasts where appropriate to task. 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.
3–4	Some analysis of presented information/data showing reasonable understanding of patterns and trends and some comparisons and contrasts where appropriate to task. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed analysis of presented information/data showing good understanding of patterns and trends and relevant and comprehensive comparisons and contrasts where appropriate to task. 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 and there will be clear evidence of analysis in the answer.

### \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited evaluation of the tasks, personal and any group involvement. Limited value judgements made. 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.
3–4	Some evaluation of the task, personal and any group involvement. Some value judgements made with supporting evidence. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed evaluations of the task, personal and any group involvement. Detailed value judgements made with fully supported evidence. 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 and there will be clear evidence of evaluation in the answer.

### Methodology (planning/organisation/time management)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited organisation skills evidenced during the task. Limited planning and time management evidenced throughout the task.
3–4	Some good organisational skills evidenced during the task. Some good use of planning and time management evidenced during the task.
5–6	Excellent organisational skills evidenced during the task. Excellent use of planning and time management evidenced during the task.
<b>Total for Activity 2 = 30 marks</b>	

\* Indicates opportunity for students to be assessed on Quality of Written Communication – Strands (i), (ii) and (iii):

Students will be assessed on their ability to:

- (i) write legibly, with accurate use of spelling, grammar and punctuation in order to make the meaning clear
- (ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
- (iii) organise relevant information clearly and coherently, using specialist vocabulary when appropriate.

Marks for the selected task should be recorded on the controlled assessment record sheet – a draft example of this can be found in *Appendix 4*.

## Activity 3

### Research

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Research from limited sources with limited focus on the task.
3–4	Research from a range of sources with some focus on the task.
5–6	Research from a range of relevant sources with good selectivity, organisation and focus on the task.

### Present information/data

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Information/data presented in a basic way with little attention to detail and presentation skills.
3–4	Information/data presented clearly, showing good attention to detail and presentation skills.
5–6	Information/data presented in a clear, well-structured layout with a high level of attention to detail and presentation skills.

### \*Decision making - problem solving and analysis (compare and contrast)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Basic analysis of presented information/data showing limited understanding of any patterns. Basic comparisons and contrasts where appropriate to task. 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.
3–4	Some analysis of presented information/data showing reasonable understanding of patterns and trends and some comparisons and contrasts where appropriate to task. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed analysis of presented information/data showing good understanding of patterns and trends and relevant and comprehensive comparisons and contrasts where appropriate to task. 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 and there will be clear evidence of analysis in the answer.

### \*Review/evaluation of activity (personal and group)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited evaluation of the tasks, personal and any group involvement. Limited value judgements made. 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.
3–4	Some evaluation of the task, personal and any group involvement. Some value judgements made with supporting evidence. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. Quality of written communication will be good with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter; however it will not be used as confidently as a response that will merit 5 or 6 marks.
5–6	Detailed evaluations of the task, personal and any group involvement. Detailed value judgements made with fully supported evidence. 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 and there will be clear evidence of evaluation in the answer.

### Methodology (planning/organisation/time management)

Mark range	Descriptor
0	Level of response not worthy of credit.
1–2	Limited organisation skills evidenced during the task. Limited planning and time management evidenced throughout the task.
3–4	Some good organisational skills evidenced during the task. Some good use of planning and time management evidenced during the task.
5–6	Excellent organisational skills evidenced during the task. Excellent use of planning and time management evidenced during the task.
<b>Total for Activity 3 = 30 marks</b>	

\* Indicates opportunity for students to be assessed on Quality of Written Communication – Strands (i), (ii) and (iii):

Students will be assessed on their ability to:

- (i) write legibly, with accurate use of spelling, grammar and punctuation in order to make the meaning clear
- (ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
- (iii) organise relevant information clearly and coherently, using specialist vocabulary when appropriate.

Marks for the selected task should be recorded on the controlled assessment record sheet – a draft example of this can be found in *Appendix 4*.

Write your name here

Surname

Other names

Centre Number

Candidate Number

**Edexcel GCSE**

**Applied Business (Double Award)  
Unit 4: Financial Planning and Forecasting**

Sample Assessment Material

**Time: 1 hour**

Paper Reference

**5AB04/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 60.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed.  
– *you should take particular care with your spelling, punctuation and grammar, as well as the clarity of expression, on these questions.*

### Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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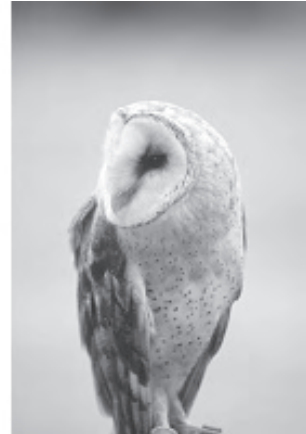


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## SCENARIO

The questions in this paper are based on the following scenario.

You should read this scenario carefully before you start to answer the questions.



### ***Buckhead Bird Centre***

The town of Buckhead is popular with tourists who come to enjoy the scenery. Buckhead contains a number of tourist attractions. One attraction is *Buckhead Bird Centre*, a bird centre owned and run by Vikram Dana and Nita Naldi. *Buckhead Bird Centre* is home to many different bird species.

At *Buckhead Bird Centre*, Nita and Vikram organise daily flying demonstrations. *Buckhead Bird Centre* is also involved with conservation, and Nita and Vikram look after injured birds brought to the centre.

Nita and Vikram have a shop on site, and are in the process of opening a small café. They hire employees to look after the birds and work in the shop, and some of these shop employees will help serve in the café.

Nita and Vikram are considering building a special 'birds of prey' unit at *Buckhead Bird Centre*. They hope to buy a plot of land next to *Buckhead Bird Centre* for the new unit, which will contain birds of prey, such as owls, hawks and falcons.

You have just started your work experience at *Buckhead Bird Centre*.

**Question 1 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 ☒.**

1 (a) For a business such as the *Buckhead Bird Centre*, the money it expects to receive and pay is shown in a: (1)

- A balance sheet
- B break-even chart
- C cash-flow forecast
- D profit and loss account

(b) The term **liquidity** refers to a business's ability to: (1)

- A make profits
- B pay debts
- C produce new products
- D recruit employees

(c) Payments for light and heat are shown in its cash-flow forecast as: (1)

- A cash inflows
- B cash outflows
- C closing balances
- D opening balances

(d) If its cash outflows are greater than its cash inflows, this will make the net cash flow a: (1)

- A deficit
- B loss
- C profit
- D surplus

(e) An advantage of using a spreadsheet to construct its cash-flow forecast is that: (1)

- A** figures will be shown in pounds and pence
- B** the forecast will automatically be correct
- C** the computer will never break down
- D** formulas will calculate amounts quickly

**(Total for Question 1 = 5 marks)**

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- 2 Nita has given you the following information on the expected cash flows at *Buckhead Bird Centre* for the three months October – December 2009.

Month	Receipts (£)	Payments (£)
October	25 645	23 412
November	26 182	27 040
December	24 007	22 897

Nita has asked you to use this information to calculate the net inflows or outflows and cash balances for the centre.

- (a) Complete the Cash-Flow Forecast below for *Buckhead Bird Centre*.

October has been completed to help you.

(3)

**Cash-Flow Forecast for *Buckhead Bird Centre*, October – December 2009**

	2009	October (£)	November (£)	December (£)
<b>Total receipts</b>		25 645		
<b>Total payments</b>		23 412		
<b>Net inflow/outflow</b>		2 233		
<b>Opening balance</b>		<b>414</b>		
<b>Closing balance</b>		2 647		

Nita now realises that a purchase of new bird cages costing £1 850 has been left out of the cash-flow information. The bird cages will be delivered and fitted in October 2009 and payment for them will be a month later.

(b) Show the effect on the **closing** balances once the purchase of new bird cages is included in the Cash-Flow Forecast.

(i) November 2009

(2)

(ii) December 2009

(2)

**Space for your workings**

*Garry Cupar & Sons* sold the bird cages to *Buckhead Bird Centre*.

(c) Explain why *Garry Cupar & Sons* might be interested in seeing the Cash-Flow Forecast of *Buckhead Bird Centre*.

(3)

**(Total for Question 2 = 10 marks)**

**3** Vikram is setting budgets for the new café at *Buckhead Bird Centre*.  
Vikram has already set Production and Labour Budgets.

(a) Describe briefly how a Labour Budget will help *Buckhead Bird Centre*.

(2)

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A summary of Vikram's Production Budget for the number of meals to be made in the new café at *Buckhead Bird Centre* is shown below.

<b>Month</b>	<b>Number of meals to make</b>
October 2009	360
November 2009	300
December 2009	240

**Costs to *Buckhead Birds*:**

Cost of making a meal £2

Vikram has asked you to help calculate the total cost of producing meals.

(b) (i) Calculate the total Production Budget cost for *Buckhead Bird Centre* for the three months October to December 2009.

(2)

**Space for your workings**

(ii) Describe **one** way that Vikram can use this Production Budget to help check the café's future progress.

(2)

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Vikram prepares other budgets for *Buckhead Bird Centre*. Last year most of his budgets showed **adverse** variances.

(c) What is an adverse variance?

(1)

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Vikram has prepared a Sales Budget for June 2009.

Vikram has handed you a written note below, which shows the actual sales for June.

Hi

In June our sales were as follows:

Shop sales £2 545

Ticket sales:

1 045 full price tickets at £12.00 each

1 460 reduced price tickets at £6.00 each

Fifteen visits by local schools at £90 per visit

Please let me know how well we did against our sales budget. Thanks.

(d) (i) Using the table below, calculate the variance for each sales item.

(6)

Sales	Budgeted sales for June 2009 (£)	Actual sales for June 2009 (£)	Variance for June 2009 (£)
Ticket sales (full price)	12 250		
Ticket sales (reduced price)	8 750		
Income from visiting schools	1 500		

(ii) Using the above information, show whether June was a successful sales month.

(2)

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**(Total for Question 3 = 15 marks)**

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4 Nita wants to see how profitable the proposed new 'birds of prey' unit will be.

She has calculated the following expected costs and revenues for the new unit:

- fixed costs will be £330 a month
- the variable cost for each visitor will be 50p on average
- each visitor will pay £3 for a ticket to enter the new unit

Nita knows that the formula to calculate the break-even point is:

$$\text{Break-even point} = \frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

(Sales income per visitor - variable cost per visitor)

(a) Calculate the number of visitors that the new unit must have each month in order to break even.

(2)

**Space for your workings**

Vikram thinks that the ticket price should be reduced to £2.50 per visitor.

(b) What effect would this have on the break-even number of visitors a month?

(2)

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Nita plans to offer 'family events' at *Buckhead Birds*. At these events the family will have a meal in the café, visit and feed the birds, and go 'behind the scenes'. Each family member will receive a small gift.

Nita has given you the following information about the planned 'family events'.

- Fixed costs per month:       £150
- Costs for each family:
  - meals                         £7.50
  - bird food                   £0.50
  - gifts                         £7.00

Nita thinks that up to 20 families a month will buy a 'family event' at a price of £25.

(c) Using the above data, draw a fully labelled break-even chart on the graph opposite. Label the axes and label the break-even point.

(6)

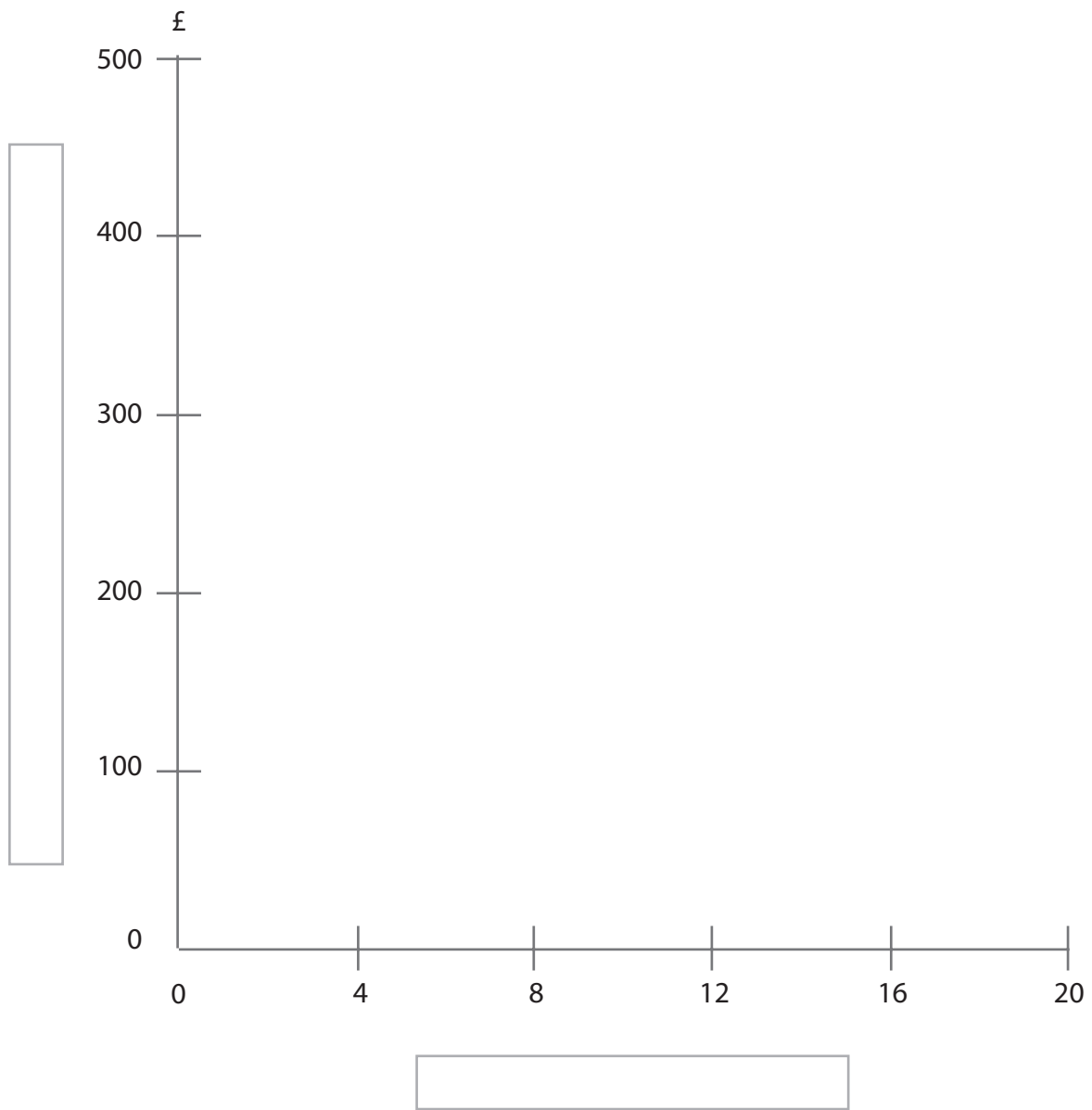
You may find it helpful to complete the activity table before you draw the chart.

**Activity table**

<b>Number of family events</b>	<b>0</b>	<b>10</b>	<b>20</b>
Sales			
Variable costs			
Fixed costs			
Total costs			



Heading \_\_\_\_\_



Nita has asked you to check the spreadsheet that she has created below to help construct future break-even charts. Nita has entered row descriptions in column A, and formulae in column B.

	A	B
1		(£)
2	Fixed costs	
3		
4	Cost of meals	
5	Cost of bird food	
6	Cost of gifts	
7		SUM (B2:B6)
8		
9	Income from each 'family event'	
10		
11	Break-even number of family events	$B2/(B9 - B7)$
12		

(d) Show why Nita's existing spreadsheet will **not** calculate an accurate break-even point and how the spreadsheet could be corrected.

(3)

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Nita knows that spreadsheets can be stored electronically.

(e) Outline **one** advantage, **other than** being able to store electronically, of using spreadsheets in business.

(2)

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**(Total for Question 4 = 15 marks)**

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**5** Nita and Vikram are planning to build the new 'birds of prey' unit at *Buckhead Bird Centre*.

(a) How will **each** of the following documents help Nita and Vikram decide whether to build the new 'birds of prey' unit?

- Forecast Profit and loss account
- Forecast Balance sheet

(i) How forecast Profit and loss account will help.

(2)

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(ii) How forecast Balance sheet will help.

(2)

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Nita and Vikram could inaccurately forecast their profit.

(b) Explain what effect this might have if Nita and Vikram seek finance from an investor.

(3)

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Nita and Vikram will need to obtain £35,000 to buy the land and items needed for the new unit. They are not sure of the best way to finance the purchase.

- Nita has £15,000 in personal savings, and is happy to invest all these savings. She expects Vikram to contribute the remainder needed.
- Vikram has £25,000 saved and is less willing to invest personal savings. He would prefer to obtain a bank loan for the full amount needed.
- Nita and Vikram have recently moved the business bank account to a new bank.

\***(c)** Choose **one** of these sources of finance to pay for the new unit. Justify your choice.

Source chosen (tick **one** box only):

Use personal savings

Use a bank loan

**(8)**

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**(Total for Question 5 = 15 marks)**

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**TOTAL FOR PAPER = 60 MARKS**

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## Sample Mark Scheme

### Unit 4: Financial Planning and Forecasting

Question Number	Answer	Mark
1(a)	C	(1)

Question Number	Answer	Mark
1(b)	B	(1)

Question Number	Answer	Mark
1(c)	B	(1)

Question Number	Answer	Mark
1(d)	A	(1)

Question Number	Answer	Mark
1(e)	D	(1)

Question Number	Answer	Mark
2(a)	Net inflow/outflow (1) Opening balances (1) OFR Closing balances (1) OFR  See completed table below:	(3)

**Cash-flow Forecast for *Buckhead Bird Centre*, October - December 2009**

2009	October (£)	November (£)	December (£)	
Total receipts	25 645	26 182	24 007	
Total payments	23 412	27 040	22 897	
Net inflow / outflow	2 233	(858)	1 110	(1)
Opening balance	414	2 647	1 789	(1) OFR
Closing balance	2 647	1 789	2 899	(1) OFR

Question Number	Answer	Mark
2(b)(i)	November £61 (1) - deficit (1)	(2)

Question Number	Answer	Mark
2(b)(ii)	December £1,049 (1) OFR - surplus (1) OFR	(2)

Question Number	Answer	Mark
2(c)	<ul style="list-style-type: none"> <li>• <i>Garry Cupar &amp; Sons</i> is a lender/creditor/ supplier (1) - wants to be paid for the goods (1) - the Forecast will indicate the likelihood of this (1)</li> <li>• <i>Garry Cupar &amp; Sons</i> is a supplier (1) - if successful, <i>Buckhead Bird Centre</i> will need more cages (1) - forecast indicates likely success/potential liquidity problems/likely future business (1)</li> </ul> <p>1 mark for relationship 1 mark for relevance of relationship 1 mark for relevance of forecast</p> <p style="text-align: right;">1x3</p>	(3)

Question Number	Answer	Mark
3(a)	<ul style="list-style-type: none"> <li>Establishes the cost of wages (1) - so wage payments can be planned (1)</li> <li>Can see how much is likely to be spent on wages (1) - so cash can be planned/so likely profits can be calculated/so this cost can be included in the cost of meals (1)</li> </ul> <p>1 mark for how 1 mark for description</p> <p style="text-align: right;">1x2</p>	(2)

Question Number	Answer	Mark
3(b)(i)	<p>Total = £1 800 (2)</p> <p>Workings: Total food = 900 (1) x £2 (1)</p>	(2)

Question Number	Answer	Mark
3(b)(ii)	<ul style="list-style-type: none"> <li>Compare plan against actual (1) - take action (1)</li> <li>See what the food actually costs (1) - check whether it is more or less than the planned cost (1)</li> </ul> <p>1 mark for way 1 mark for description</p> <p style="text-align: right;">1x2</p>	(2)

Question Number	Answer	Mark
3(c)	Adverse indicates actual cost is above budget cost/actual revenue is below budget revenue (1)	(1)

Question Number	Answer	Mark
3(d)(i)	See completed table below:	(6)

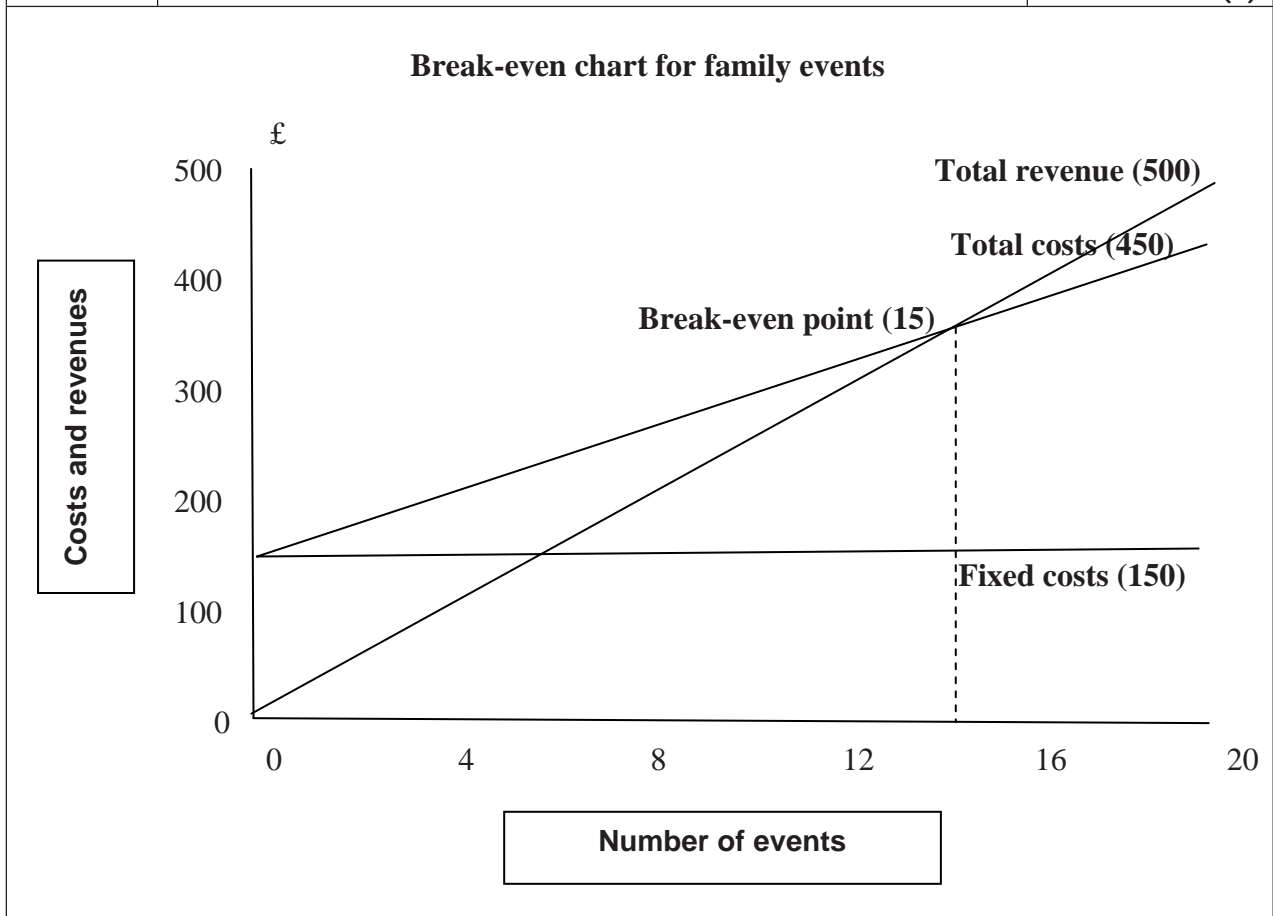
Sales	Budgeted sales for June 2009 (£)	Actual sales for June 2009 (£)	Variance for June 2009 (£)
Ticket sales (full price)	12 250	12 540 (1)	290 Fav (1)
Ticket sales (reduced price)	8 750	8 760 (1)	10 Fav (1)
Income from visiting schools	1 500	1 350 (1)	150 Adv (1)

Question Number	Answer	Mark
3(d)(ii)	<p>Successful (1) (candidate must have calculated all variances, correct or incorrect, for the mark) <b>OFR</b> - because the overall variance is £150 favourable/because actual income is greater than budgeted (1) <b>OFR</b></p> <p><b>1 mark for statement based on calculations</b>  <b>1 mark for why</b></p>	<p>1x2</p> <p>(2)</p>

Question Number	Answer	Mark
4(a)	132 Workings: 1m correct entries 330 / (3 - 0.5)	(2)

Question Number	Answer	Mark
4(b)	Number increases (1) - to 165/by 33 (1)  1x2	(2)

Question Number	Answer	Mark
4(c)	Heading (1) Axes (1) Each line with label 3 x (1)  B/E point labelled (1) (OFR) See completed graph below:	(6)



Question Number	Answer	Mark
4(d)	<p>B7 contains an incorrect formula (1) - it will total all costs/it should only total variable costs (1) - the formula should read SUM (B4:B6)/fixed costs need to be removed from the formula (1)</p> <p>1 mark for error identification 1 mark for why not 1 mark for how to correct the formula</p>	<p>1x3</p> <p>(3)</p>

Question Number	Answer	Mark
4(e)	<ul style="list-style-type: none"> <li>• Print as many copies as are needed (1) - because the file is saved (1)</li> <li>• (Speed of) Recording (1) - because the template/structure is already set up (1)</li> <li>• Cost effective (1) - saves staff time (1)</li> <li>• Security (1) - unauthorized access is difficult/passwords can be used (1)</li> <li>• Easy to save (1) - because a single command only is needed (1)</li> <li>• Graphs/charts easy to generate (1) - helps decision making (1)</li> </ul> <p>1 mark for advantage 1 mark for outline</p>	<p>1x2</p> <p>(2)</p>

Question Number	Answer	Mark
5(a)(i)	<p><b>Forecast Profit and Loss account</b></p> <ul style="list-style-type: none"> <li>• States the expected profitability/likely profit/costs and revenues (1) - assess whether it will be worthwhile/see whether they can afford it (1)</li> <li>• Will show expected relevant costs and revenues (1) - so they can predict the future financial impact (1)</li> </ul> <p>1 mark for what it shows 1 mark for how it will help (Answers must differentiate between forecast statements and actual statements)</p>	<p>1x2</p> <p>(2)</p>

Question Number	Answer	Mark
5(a)(ii)	<p><b>Forecast Balance Sheet</b></p> <ul style="list-style-type: none"> <li>States the expected business worth/net worth/financial 'snapshot' (1) - by listing forecast assets and liabilities (1)</li> </ul> <p><b>1 mark for what it shows</b> <b>1 mark for how it will help</b></p> <p>(Answers must differentiate between forecast statements and actual statements)</p> <p style="text-align: right;">1x2</p>	<b>(2)</b>

Question Number	Answer	Mark
5(b)	<ul style="list-style-type: none"> <li>Investor will not trust them (1) - will want other figures (1) - may consider too great a risk/may refuse to invest (1)</li> <li>Investor chooses not to invest (1) - they lose reputation (1) - as a result they cannot obtain finance (1)</li> </ul> <p><b>1 mark for effect</b> <b>2 x 1 mark for explanation</b></p> <p style="text-align: right;">1x1 1x2</p>	<b>(3)</b>

Question Number	Answer	Mark
5(c)  QWC (i, ii & iii)	<p><b>Indicative content</b></p> <p><b>Option 1: Use personal savings</b></p> <ul style="list-style-type: none"> <li>• No cost of borrowing, unlike bank loan</li> <li>• Nita is willing to invest the money</li> <li>• Together, they have sufficient saved</li> <li>• This investment will increase the net worth of the business</li> <li>• Saves the cost of borrowing/'outsiders' have no say in the running of the business</li> <li>• However, Vikram is less willing/may refuse</li> <li>• Vikram has to invest more than Nita so might expect more say in the business/this may affect their working relationship</li> <li>• They will lose interest on savings/cannot use savings for personal items/leaves little personal cash for future investment/they will be short of personal cash</li> </ul> <p><b>Option 2: Use a bank loan</b></p> <ul style="list-style-type: none"> <li>• Appropriate use/can negotiate terms and amount</li> <li>• The bank can provide financial expertise</li> <li>• They will still have their savings to fall back on/will still gain interest on own savings</li> <li>• However, more formalities are necessary than if personal savings are used</li> <li>• The (new) bank may refuse to grant a loan/will expect security, do they have any?</li> <li>• Interest payments/repayment of capital necessary so outgoings increase/this affects their future business liquidity</li> <li>• Inability to pay interest or capital will cause difficulties with the bank</li> </ul> <p>(See below for levels and descriptors)</p>	<b>(8)</b>
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1 - 3	Candidate has undertaken a basic analysis of the information. References to features of the chosen source show a basic knowledge of its nature, strengths and weaknesses, with some reference to this situation. Analytical points are not developed: for example, a simple statement about the unequal investment of personal savings. The answer is likely to lack balance by, for example, overstating the case for one source without considering the other. 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.



Level 2	4 - 6	Candidate has undertaken a sound analysis of the information, supported by some judgement. References to features of the chosen source show understanding of its nature, strengths and weaknesses in this situation. Analytical points are developed: for example, analysing one main issue arising from the unequal investment of personal savings. The answer is likely to contain some balance by considering the case for both sources, although any concluding judgement is likely to lack development. 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 that in Level 3.
Level 3	7 - 8	Candidate has undertaken a detailed analysis of the information that is supported by sound judgement. References to features of the chosen source show a clear understanding of its nature, strengths and weaknesses in this situation. Most analytical points are fully developed: for example, a consideration of how an unequal investment of personal savings might affect both return on investment and future working relationships. The answer will contain balance by considering the case for both sources supported by a justified conclusion as to which source to choose. 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.

