

Year 11 GCSE Applied Business

Name:

Group:

Unit 2: Financial records
Student workbook

2.2

Topic 2.2(a): Cash and non-cash payments

LO: To investigate different payment methods.

L1 G-E: Describe the range of payment methods.

L2 D-B: Explain the key features of each payment method.

L3 A-A*: Evaluate each payment method.

Pathway	Key objective
A	I can fully explain the key features, advantages and disadvantages of each payment method.
B	I can explain the key features, advantages and disadvantages of each payment method.
C	I can explain some key features, advantages and disadvantages of the main payment methods.
D	I can state some key features, advantages and disadvantages of the main payment methods.
Targets	
1	I can explain the difference between cash and non-cash payments.
2	I know the names of the 9 payment methods and can explain how each method works.
3	I can explain the three advantages and disadvantages of each payment method.
4	I can identify the most suitable payment method and give an explanation.

Topic 2.2(b): Revenue and costs

LO: To understand revenue and costs within a business.

L1 G-E: Describe what revenue and costs are.

L2 D-B: Explain different types of revenue and costs.

L3 A-A*: Evaluate the role of ICT in reducing costs.

Pathway	Key objective
A	I can compare revenue and costs, and evaluate the role of ICT in reducing costs.
B	I can identify revenues and costs, and explain the role of ICT in reducing costs.
C	I can identify revenue and costs, and state the role of ICT in reducing costs.
D	I can identify some revenues and costs, and one way ICT can help to reduce costs.
Targets	
1	I can define revenue and costs.
2	I can calculate sales revenue and explain its importance.
3	I can explain the difference between products and services and give examples.
4	I can explain the difference between start-up and running costs and give examples.
5	I can I can define each business sector and give examples of their activities.
6	I can explain what EPOS, EFTPOS and barcodes are and how they can reduce costs.
7	I can explain what computers and software are and how they can help to reduce costs.
8	I can explain what websites and e-commerce are and how they can help to reduce costs.
9	I can explain what e-mail, mobile phones and teleworking are and how they can help to reduce costs.
10	I can explain why CAD and CAM are and how they can help to reduce costs.

Topic 2.2(a): Cash and non-cash payments

1. Define the term cash payment (2)

2. Define the term non-cash payment (2)

3. Identify 9 payment methods (9)

Cash	E-cheque
Cheque	Credit card
Purchase Order	Remittance advice slip
Credit transfer	Delivery note
PayPal	Debit card
Goods received note	Receipt
Mobile phone	Direct debit

4. Research each payment method and complete each table as shown in the first one.

A) Cash: Payment using notes and coins.	
Advantages/benefits to the business	Disadvantages/costs to the business
<p>Instant payment – assists with cash flow as the business is not waiting for money to reach its bank account as would be the case if customers used other payment methods.</p> <p>Ideal for small amounts – payment can be received quickly, easily and without incurring the charges of accepting credit or debit cards.</p> <p>Convenient to use – unlike other payment methods it is used universally and change is available for other customers.</p>	<p>Security cost – it can be stolen, so a safe is needed to store it</p> <p>Increase in administration – unlike electronic payment methods it is time consuming as it needs to be checked, counted and banked.</p> <p>Losses and mistakes – if counterfeit money is used or the wrong change is given this may negatively affect cash flow and decrease profit.</p>

B) Cheque: Written instruction to your bank to male payment from your account.	
Advantages/benefits to the business	Disadvantages/costs to the business

C) Credit card: Plastic chip and pin card. Payment is a loan from the credit card company. The cardholder pays some or all of the balance back after their monthly statement arrives. Interest is charged to the cardholder.	
Advantages/benefits to the business	Disadvantages/costs to the business

D) Debit card: Plastic chip and pin card which is linked to the cardholder's bank account. Payment is made direct from the cardholder's bank account.	
Advantages/benefits to the business	Disadvantages/costs to the business

E) Direct Debit: Regular, automatic electronic bank payment from your bank account. Amounts can vary and it is set up by the seller (Business who receives the payment)	
Advantages/benefits to the business	Disadvantages/costs to the business

F) Credit transfer: Electronic bank payment from your bank account. A one off or regular payment. A regular fixed amount is known as a standing order. Set up by whoever is making the payment.	
Advantages/benefits to the business	Disadvantages/costs to the business

G) E-cheque: Online cheque. Electronic payment from your bank account.	
Advantages/benefits to the business	Disadvantages/costs to the business

H) PayPal: Online payment. Buyer pays into the seller's account (often using credit or debit card). Payment is transferred to the supplier's account without them knowing the buyer's card/bank details.

Advantages/benefits to the business	Disadvantages/costs to the business

I) Mobile Phone: Payment added to monthly bill or can buy credits. For small amounts without using a credit or debit card.

Advantages/benefits to the business	Disadvantages/costs to the business

5. Tick the correct cells in the table (11).

Description		Credit card	Debit card	Both
A	Payment is taken from your bank account			
B	Payment is a loan to the card holder			
C	It is a guaranteed payment			
D	Easier than using cheques			
E	Charged high interest rates on amounts owing			
F	Can use different currencies at home and abroad			
G	Can use different currencies when abroad			
H	Payments can be made by phone or online			
I	Chip and pin reduces fraud			
J	Takes up to 3 days for the payment to reach the bank account			
K	Businesses are charged for the card reader and use of the card			

6. Match the statements to the best payment method. Choose from (6):

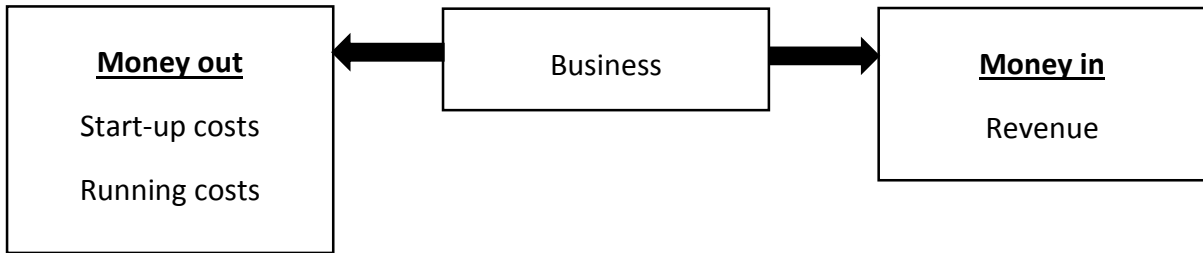
Credit transfer, Cheque, PayPal, Direct Debit, Debit card and Credit card

Statement		Payment method
A	I prefer not to reveal my card details when I make purchases online.	
B	Staff have their money paid directly into their bank account on the last day of each month.	
C	I am in so much debt that my friends say that I should cut it up so that I can't ever use it again.	
D	I can always check the stubs in my book to see how much I have spent.	
E	I pay monthly and always know the amount in advance.	
F	It's easy and I can't go into debt. I just use my card and the money is taken out of my account.	

7. Tick which payment method is best for a business and give an explanation (12):

Type of business		Payment method	Explanation
A	Monthly payment of rent	Debit card	
		Direct Debit	
B	Full payment of van insurance over the phone	Cheque	
		Credit Card	
C	An engineer who repairs the copier	Direct Debit	
		Cheque	
D	Lunch from a supermarket	Cheque	
		Cash	

Topic 2.2(b): Sources of Revenue and Costs



8. Define 'revenue/turnover' (2)

9. Define 'costs' (2)

Sources of revenue

10. Identify the examples of revenue (5)

A	Till	H	Renting premises
B	Rent from premises	I	Paying tax
C	Stock	J	Wages
D	Sales	K	Renting premises
E	Interest from bank account	L	Government grant
F	Advertising	M	Insurance
G	Paying VAT	N	Gas bill

To generate sales revenue, a business needs to sell goods and/or services.

11. Define 'goods' (2)

12. Define 'services' (2)

13. Define 'sales revenue' (2)

14. Write the formula to calculate sales revenue (2)

15. Calculate the sales revenue

		Sales revenue (show your working)
A	Selling price = £5.99 Units sold = 68	
B	Selling price = £12.50 Units sold = 138	
C	Selling price = £148.99 Units sold = 592	
D	Selling price = £590.00 Units sold = 833	

Costs: Start-up and running costs

16. Define 'start-up costs' (2)

17. Define 'running costs' (2)

18. What is a start-up cost and what is a running cost? (13)

	Item	Start-up cost	Running cost
A	Wages and salaries		
B	Bills e.g. Gas, electricity		
C	Vehicle (purchased)		
D	Petrol/Diesel for vehicle		
E	Premises (purchased)		
F	Premises (rented)		
G	Office equipment		
H	Business opening promotion		
I	Advertising new products/services		
J	Stock for the opening day		
K	Re-ordering stock		
L	Market research to identify customer needs		
M	On-going market research		

19. Businesses are grouped into 3 sectors. What activities does each sector focus on and give examples of businesses in each sector. (6)

Sector	Activities	3 examples of businesses
Primary		
Secondary		
Tertiary		

20. Revenue and costs summary. Correct any mistakes. (5)

A	All businesses aim to maximise costs and minimise costs
B	Regular costs are a one off cost
C	Revenue = Selling price x Costs
D	Profit = Costs – Revenue
E	A good is a tangible product that the customer can take away with them
F	A service is a tangible product that the customer can take away with them
G	Good regular revenue assists cash flow, making it easier to pay costs on time
H	When revenue is higher than costs the business will make a loss
I	In the UK, the tertiary sector employs most people
J	A start-up cost is a one off cost

Costs: The role of ICT in reducing costs

21. Briefly describe each item and explain how it can help to reduce business costs. (18)

Electronic Point of Sale (EPOS), Electronic Funds Transfer Point of Sale (EFTPOS) and Barcodes

Description: _____

This can help to reduce a business's costs because _____

Computers and software:

Description: _____

This can help to reduce a business's costs because _____

Websites:

Description: _____

This can help to reduce a business's costs because _____

E-mail, mobile phones and teleworking:

Description: _____

This can help to reduce a business's costs because _____

Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM):

Description: _____

This can help to reduce a business's costs because _____

