

**EXAMINATIONS  
BOARD**

*Certificate in*

# **Business Administration**



*Level 1*

*Series 4 2003*

*(Code 1027)*

**Model Answers**

UK Accreditation No: 100/1615/6

ASP M 1571





# **Certificate in Business Administration Level 1**

## **Series 4 2003**

### **How to use this booklet**

Model Answers have been developed by LCCIEB to offer additional information and guidance to Centres, teachers and candidates as they prepare for LCCIEB examinations. The contents of this booklet are divided into 3 elements:

- (1) Questions – reproduced from the printed examination paper
- (2) Model Answers – summary of the main points that the Chief Examiner expected to see in the answers to each question in the examination paper, plus a fully worked example or sample answer (where applicable)
- (3) Helpful Hints – where appropriate, additional guidance relating to individual questions or to examination technique

Teachers and candidates should find this booklet an invaluable teaching tool and an aid to success.

The London Chamber of Commerce and Industry Examinations Board provides Model Answers to help candidates gain a general understanding of the standard required. The Board accepts that candidates may offer other answers that could be equally valid.

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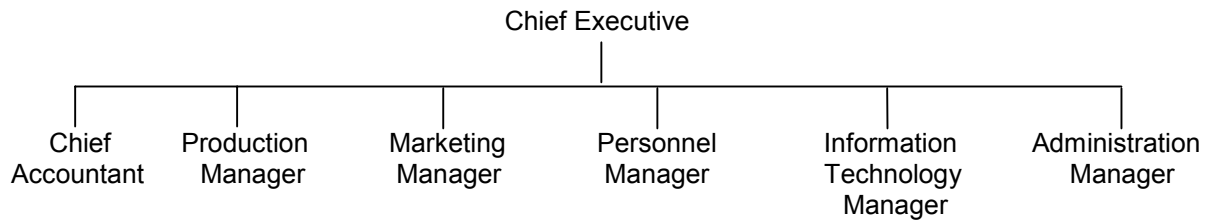
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# Certificate in Business Administration Level 1

## Series 4 2003

### QUESTION 1



- (a) Refer to the organisation chart above and state which individual would be responsible for the following:
- (i) Security
  - (ii) Quality control
  - (iii) Advertising
  - (iv) Programming
  - (v) Training
  - (vi) Wages and salaries.
- (6 marks)
- (b) Why is it important that there is communication between departments?
- (2 marks)
- (c) (i) Explain **2** types of office layout.
- (4 marks)
- (ii) Give **one advantage** and **one disadvantage** of **each** type of office layout chosen.
- (8 marks)
- (Total 20 marks)**

### Model Answer to Question 1

- (a) (i) Administration Manager  
(ii) Production Director  
(iii) Marketing Manager  
(iv) Information Technology Manager  
(v) Personnel Manager  
(vi) Chief Accountant
- (b) The people in one department generally cannot do their jobs without contact with people in other departments.
- (c) (i) **Open-plan**  
consists of a large area where many employees work together.  
**Cellular**  
individual rooms in which an employee works on his/her own or perhaps with one or 2 other employees.  
**Landscaped**  
a very large open area divided into sections by screens and plants where a range of office activities are undertaken.

## Model Answer to Question 1 continued

### (ii) Open-plan

#### Advantages

- cheap and easy to build, being one large area in which workstations and equipment are laid out.
- it is easy to rearrange the layout and it is not necessary to obtain planning permission.
- depending on the size of the rooms, all staff may be able to work in natural light; alternatively very good 'daylight' lighting, which is indistinguishable from natural light, can be installed.
- supervision of employees is easier than in individual offices.
- new staff can be more easily guided and helped when they are near the supervisor in an open-plan or landscaped office.
- communication is easier when staff have to walk only a few steps to their colleagues.
- machinery and equipment can be used by a number of staff, whereas in individual offices more equipment has to be provided or staff have to spend time out of their offices walking to machines such as copiers.

#### Disadvantages

- there is a lack of privacy, which can create difficulties when discussing or dealing with confidential matters, such as personnel issues.
- no privacy or space for meetings – generally overcome by having meeting and/or interview rooms available but these have to be booked in advance.
- noise from machines and people may be distracting.
- it is difficult to find a satisfactory compromise on heating and ventilation that will suit all staff.
- most air-conditioning systems move air around the building, which means that germs, as well as air, are circulated.
- staff can spend too much time chatting instead of getting on with their work.

### Cellular

#### Advantages

- as rooms are usually lockable it should be easier to restrict access to equipment or confidential information.
- employees are less likely to be distracted or have their work interrupted by other employees.
- offices can be used to hold confidential meetings or meetings with important customers/clients.
- each room can be designed and equipped to suit the employees working in the room or the type of work being undertaken – employees can adjust heating, lighting, ventilation, etc.
- noisy office equipment can be placed in a separate room.
- it is easier for employees to personalise their work area with plants, photographs, etc.

#### Disadvantages

- it is more difficult for a manager to supervise employees who are in a number of separate rooms.
- time may be wasted in passing information and work from one room to another.
- individual rooms cost more to equip and redecorate; walls, doors and windows take up valuable (and expensive) space.
- it may not be easy to increase or decrease size of work areas to match changes in the volume of work.

## QUESTION 2

(a) List the following documents in the order in which they would be used in a business transaction and state the purpose of **each** document:

- (i) advice note
- (ii) quotation
- (iii) statement of account
- (iv) invoice
- (v) order
- (vi) credit note.

(12 marks)

(b) Explain the meaning of the following abbreviations:

- (i) COD
- (ii) E&OE
- (iii) VAT
- (iv) FIFO.

(8 marks)

**(Total 20 marks)**

### Model Answer to Question 2

(a) (i) Quotation – response to an enquiry. It includes details of price and delivery

(ii) Order – request to buy goods

(iii) Advice Note – informs the customer when goods are to be sent

(iv) Invoice – bill for goods sold

(v) Credit note – to correct an overcharge or refund on returned goods

(vi) Statement of account – summary of transactions between buyer and seller. Usually sent monthly.

(b) (i) COD – Cash on delivery – enables companies to send goods to be paid for by the addressee when they are delivered.

(ii) E&OE – Errors and Omissions Excepted – the seller retains the right to submit additional invoices for items undercharged or omitted.

(iii) VAT – Value Added Tax – a tax levied on goods sold and services provided.

(iv) FIFO – First in First Out – a system ensuring that the existing stock is issued in the order in which it was received.

**QUESTION 3**

- (a) Assume that one of your responsibilities is to handle the petty cash requirements for your office. From the information given in the petty cash book below answer the questions which follow:

<b>PETTY CASH</b>							
<b>Folio 75</b>							
<b>Dr</b>				<b>Cr</b>			
Cash Received	DATE	DETAILS	Totals	Postage	Stationery	Travel	Sundry Expenses
£85.00	2003 1st Oct	Cashier					
	2nd "	100—19p Stamps	19.00	19.00			
	3rd "	Packet Sellotape	0.30		0.30		
	4th "	1 box envelopes	1.50		1.50		
	15 "	Tea and biscuits	0.70				0.70
	16 "	2 parcels	0.85	0.85			
	17 "	Bus Fares	3.00			3.00	
	28 "	Window cleaning	15.00				15.00
	29 "	Rail Fares	27.00			7.00	
	30 "	Milk	0.75				0.75
	31 "	2 Air mail letters	1.50	1.50			
		<b>TOTAL</b>					
		Balance in hand					
		To restore Imprest					
£85.00	Nov 1st	Cashier					

- (i) What is the amount of the petty cash float?
- (ii) What do Dr and Cr stand for?
- (iii) Which analysis column has been incorrectly completed?
- (iv) How much was spent on Sundry expenses during the period?
- (v) What was the total amount spent during the period?
- (vi) What was the balance in hand of petty cash at the end of the month?
- (vii) How much would you need to receive to make up the petty cash float?

(14 marks)

- (b) You have been asked to collect a parcel from the printers. The taxi fare is £7.

Draw a petty cash voucher and complete the details to claim your £7 from the cashier.

(6 marks)

**(Total 20 marks)**



**QUESTION 4**

- (a) Complete the loose-leaf Stock Record Card for the 4 requisitions below. Details of stock are as follows:

Stock reference number PS407590  
 Supplier is George & Scully Ltd, London  
 Balance in stock at 1 October is 60 reams  
 Max stock is 180 reams  
 Min stock is 40 reams  
 Re-order level is 60 reams  
 50 reams are received on 31 October against Invoice 439162  
 The current price is £10 per ream

<b>Stationery Requisition</b> Job No. <u>910</u>	
From <u>Personnel Dept.</u>	
To <u>Stationery Store</u>	
QUANTITY	DESCRIPTION
2 reams	Letterheading AA
Signed <u>F. Simms</u> Date <u>9 Oct 2003</u>	

<b>Stationery Requisition</b> Job No. <u>923</u>	
From <u>Sales Dept</u>	
To <u>Stationery store</u>	
QUANTITY	DESCRIPTION
15 reams	Letterheading AA
Signed <u>T. Jones</u> Date <u>11 Oct 2003</u>	

<b>Requisition</b> Job No. <u>970</u>	
From <u>Buying Dept.</u>	
To <u>Stationery Store</u>	
QUANTITY	DESCRIPTION
10 reams	Letterheading AA
Signed <u>G. Martin</u> Date <u>23 Oct 2003</u>	

<b>Requisition</b> Job No. <u>980</u>	
From <u>General Manager's Office</u>	
To <u>Stationery Store</u>	
QUANTITY	DESCRIPTION
8 reams	Letterheading AA
Signed <u>Jean Page</u> Date <u>28 Oct 2003</u>	

(16 marks)

- (b) What was the value of stock at 31 October?

(2 marks)

- (c) Why is it essential to ensure that the stationery cupboard is kept locked?

(2 marks)

**(Total 20 marks)**

**Model Answer to Question 4**

(a)

<b>STOCK RECORD CARD</b>				
<b>ITEM:</b> Letterheading A4		<b>MAXIMUM:</b> 180 reams		
<b>REF No:</b> PS407590		<b>MINIMUM:</b> 40 reams		
<b>SUPPLIER:</b> George & Scully Ltd. London		<b>RE-ORDER</b> 60 reams		
<b>Date</b>	<b>Requisition No</b>	<b>In</b>	<b>Out</b>	<b>Balance</b>
1 October				60
9 October	910		2	58
11 October	923		15	43
23 October	970		10	33
28 October	980		8	25
31 October		50		75



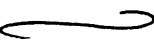

(b) £750.

(c) To avoid the haphazard issuing of stationery.  
To avoid theft of stock.

### QUESTION 5

- (a) What is meant by proof-reading? (2 marks)
- (b) State 4 types of error to look for when proof-reading. (4 marks)
- (c) Write the correction signs you would use to indicate the following amendments/errors in a draft:
- (i) New paragraph required
  - (ii) Insert a full stop
  - (iii) Leave a space
  - (iv) Type the words in reverse order
  - (v) Heading to be in capital letters
  - (vi) Do not start a new paragraph
  - (vii) Delete the word crossed out.
- (14 marks)
- (Total 20 marks)**

### Model Answer to Question 5

- (a) To check printed/word processed copy for errors
- (b) Spelling  
Omitted words  
Excess words  
Incorrect keyboarding/typing  
Numbers  
Punctuation  
Grammatical  
Consistency – spelling, layout/format
- (c) (i) NP  
(ii)   
(iii) #  
(iv)   
(v) CAPS  
(vi)   
(vii) 

## QUESTION 6

- (a) (i) Explain what information is given in a dictionary. (2 marks)
- (ii) How is a thesaurus different from a dictionary? (2 marks)
- (b) Give 2 items of information you would find in a book on English usage. (2 marks)
- (c) Name and describe 3 sources of commercial information, other than reference books, which you may use. (9 marks)
- (d) Where would you obtain the following:
- (i) The phone number for Manchester Airport
  - (ii) A passport application form
  - (iii) How far it is by road from Belfast to Dublin
  - (iv) Details of tonight's television programmes
  - (v) Biographical details of a well-known person.
- (5 marks)

**(Total 20 marks)**

### Model Answer to Question 6

- (a) (i) List of words in alphabetical order and for each word a definition of its meaning.
- (ii) Words similar in meaning are grouped together.
- (b) Correct use of words/phrases, correct grammar, correct use of punctuation.
- (c) Internet  
Teletext/Viewdata  
Library databanks  
Prestel  
Newspaper  
Journals  
Intranet  
Bank  
Chamber of Commerce/Chamber of Trade  
Embassies/High Commissions/Consulates  
Secretary's own records
- (d) (i) Telephone directory, directory enquiries  
(ii) Post Office or passport office  
(iii) AA Handbook, road map books or diaries  
(iv) Newspaper or magazine or Teletext  
(iv) Who's Who.

## QUESTION 7

Six months ago the staff at the local dental practice kept all their records on a paper-based card index system. They wrote the details on a small card which looked like this:

<b>ASTON DENTAL PRACTICE</b>	
Patient's name:	Geeta Patel
Address:	75 East Road, Hightown, HG3 6MP
Tel No:	01878-484948
Serious illness:	None
Allergies:	None
Date of last appointment:	11.11.03
Date of next appointment:	12.05.04
GP:	Dr A Chada, 4 Bath Road, Hightown, HG4 1ZY

They decided to invest in a computerised database.

- (a) State **2 advantages** and **one disadvantage** of using a computer-based, rather than a card-based, system. (6 marks)
- (b) Give, with examples, **5 rules** for alphabetical filing. (10 marks)
- (c) What do the following terms mean:
- (i) Microfilming
  - (ii) CD-ROM
- (4 marks)

**(Total 20 marks)**

### Model Answer to Question 7

(a) **Advantages**

- Cards can no longer get lost
  - The records are quicker to update when someone brings a pet for a routine check-up and vaccination
  - The system can answer queries very rapidly. For instance, the staff can 'search' the system to find which customers must bring which of their pets for a check-up next month
  - The system can also be linked to other computer software. For instance, a reminder letter can be prepared on a word processing package and the names and addresses of customers can be inserted automatically. This saves a lot of work for the staff
- The system can be used for other things, eg:
- labels can be prepared for all customers for sending out mailshots such as monthly newsletters
  - customers with a particular type or breed of pet can be found easily if the Clinic wants to contact them for a specific reason
  - the system can be extended to include other items, for instance, which customers owe money on their accounts so that reminder letters can be sent
  - A vast amount of information can be stored
  - Saving of space.

**Model Answer to Question 7 continued**

**Disadvantages:**

- Keying in data is time-consuming if scanning facilities are not available
- The system is expensive to set up, especially for small businesses
- There is a tendency to overload the system by keeping every document regardless of necessity
- Losing data or being unable to access it is a possibility if the system breaks down
- It is necessary to duplicate on back-up disks all information held
- There is the possibility of someone 'hacking' into the system and 'bugging'.

(b)

**Rules**

- 1 The surname is used as the main filing reference with the surname placed before the forename or initials; the surnames are then arranged in alphabetical order.
- 2 If surnames are the same then the first forename is used to determine the order; if the surname and forename are the same then the middle name or initial is used to determine the order.
- 3 Where surnames have no initials they are placed before surnames with forenames and/or initials (short before long).
- 4 Surnames beginning with Mc are treated as though they were written as Mac.
- 5 Where names or surnames contain the abbreviation St they are treated as though written in full, ie Saint.
- 6 Names which have a prefix, eg De, La and O' are filed under the first letter of the prefix with the prefix and the word which follows being treated as one name (hyphenated names are also treated as though they were a complete word).

**Examples**

DEMPSTER, Alan  
 LAIDLAW, W  
 PROVAN, R M

FRASER, A M  
 FRASER, A W  
 FRASER, David  
 FRASER, Duncan

HOWIE  
 HOWIE, A  
 HOWIE, Andrew

McCULLOCH, David  
 MacDONALD, I R  
 McDONALD, J  
 MacFARLANE, Andrew

SADLER, M S  
 ST CLAIR, D  
 ST JOHN, N  
 SALMOND, Richard

DEAS, A  
 DE MARCO, C  
 HALFORD, C  
 HALFORD-MACLEOD, A P  
 LA COUX, P  
 LAFFERTY, A  
 ORD, W  
 O'REGAN, J

## Model Answer to Question 7 continued

### 7 Names of firms:

- where the name of a firm contains a full personal name (ie forename and surname) then treat as for a person's name
- where the name of a firm is made up of 2 surnames then file under the first surname
- where the name of a firm begins with a number then file as though the number was spelt out in full
- where the name of a firm includes 'The' or 'A' ignore for filing purposes
- where the name of a firm is made up of initials and it is not known what the initials stand for then file before the names of other firms which are written out in full
- where the name of a firm is made up of initials and it is known what the initials stand for then file as though the name was written out in full.

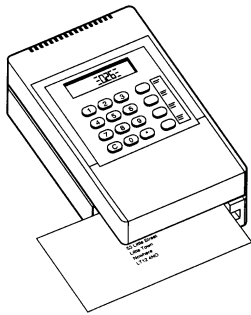
HULL & JOHNSTON LTD  
HUTCHESON, David  
HUTCHESON, J C & SON  
HUTCHISON, Ian (LEVEN) LTD  
IPS MARKETING  
INDEPENDENT TELEVISION COMMISSION (ITC)  
ONE 'O' ONE (101) RESTAURANT  
OPEN KITCHENS  
P R PRINT & DESIGN  
PHILLIPS CONSTRUCTION  
PICTURE GALLERY (The)

- (c) (i) Microfilming – a method of photographing documents which are reproduced in miniature as film.
- (ii) Computer disk – Read Only Memory – electronic storage of information that cannot be altered.

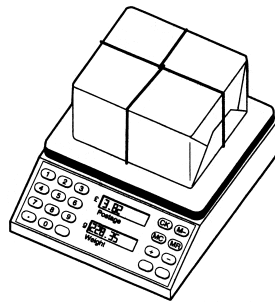
**QUESTION 8**

(a) Name the following office machines. Give the purpose of **each**.

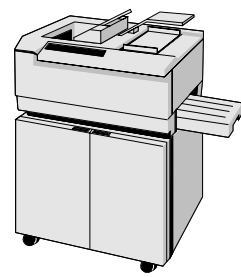
(i)



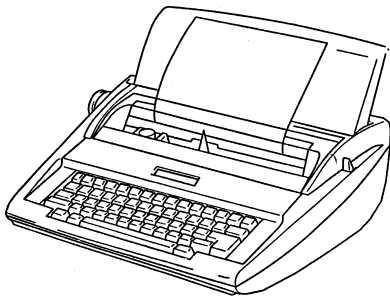
(ii)



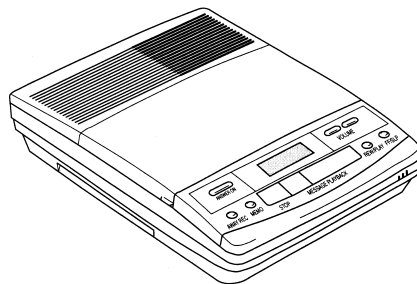
(iii)



(iv)



(v)



(10 marks)

(b) Give **3** reasons why accidents relating to machines or electrical equipment happen in the office.

(6 marks)

(c) State **4** important items of information that should be recorded in the accident book.

(4 marks)

**(Total 20 marks)**

### Model Answer to Question 8

- (a) (i) Franking machine to print postage on mail
- (ii) Weighing scales to determine cost of sending
- (iii) Photocopier to make copies of a document
- (iv) Electronic typewriter type hard copy
- (v) Telephone answering machine for callers to record messages
- (b) Accidents in the office:
- electric plugs/plug sockets broken, unsafe, overloaded
  - careless use of paper cutters
  - carrying machines incorrectly
  - faults not reported
  - frayed electric cables
  - kettles boiling dry
  - machines not switched off before unplugging
  - overheating of machines from being left switched on or placed too close to a wall, blocking air-cooling vents
  - removing safety guards from machines
  - using electrical equipment with wet hands
  - using the wrong equipment for the job
  - ignoring danger signs
  - not switching off a machine before putting a hand in, eg to free a piece of paper
- (c) Name of person injured  
Date/time of accident  
Place of accident  
Details of accident/injury  
Names of any witnesses  
Whether the injured person received first aid/medical/hospital treatment  
Name of person who reported the accident.

**QUESTION 9**

- (a) Complete the loose-leaf remittance book sheet for the following remittances, received this morning, ready for the cashier to check and sign. Insert suitable column headings:

A cheque for £356 from Trevor Emerson  
 An order with cash of £10 from Majid Khan  
 A postal order of £20 from Mrs G Gaunt  
 Mr B Bright enclosed £35 in notes  
 Sloane Partners sent a cheque for £176.

(10 marks)

- (b) Suggest an appropriate banking service for use in **each** of the following situations:

- (i) To borrow money, at a fixed rate of interest, to finance the purchase of some office machines
- (ii) A safe way to carry money abroad
- (iii) To deposit cash when the bank is closed
- (iv) To withdraw cash quickly without waiting in a queue at the bank counter or when the bank is closed
- (v) To make regular payments to a company for hire purchase payments.

(10 marks)

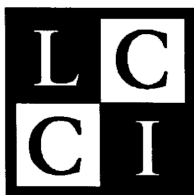
**(Total 20 marks)**

**Model Answer to Question 9**

- (a)

POSTAL REMITTANCE BOOK					
Date	Name	Method	Amount		
18 Nov	Trevor Emerson	Cheque	£356	00	
18 Nov	Majid Khan	Cash	£10	00	
18 Nov	Mrs G Gaunt	Postal Order	£20	00	
18 Nov	Mr B Bright	Cash	£35	00	
18 Nov	Sloane Partners	Cheque	£176	00	

- (b) (i) Loan  
 (ii) Travellers' cheques or Eurocheques  
 (iii) Night safe  
 (iv) Automatic Teller Machine (ATM) or cash dispensing machine  
 (vi) Standing Order or Direct Debit



**EXAMINATIONS  
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