

# Mark Scheme (Results)

Summer 2016

Pearson Edexcel GCSE Applied  
Business (5AB02)

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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.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:

*i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear*

*ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*

*iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

<b>Q</b>	<b>Answer</b>				<b>Mark</b>
<b>1(a)</b>	<b>Items</b>	<b>Current Asset</b>	<b>Fixed Asset</b>	<b>Current liability</b>	<b>Long-term liability</b>
	Hovercrafts		<input checked="" type="checkbox"/>		
	Money in bank	<input checked="" type="checkbox"/>			
	Bank loan				<input checked="" type="checkbox"/>
	Equipment used for repairs		<input checked="" type="checkbox"/>		
	Debts owed by <i>SGH</i> to suppliers			<input checked="" type="checkbox"/>	
	Blank DVDs	<input checked="" type="checkbox"/>			
					<b>(6)</b>

<b>Q</b>	<b>Answer</b>	<b>Mark</b>
<b>1(b)</b>	4 880 (2) or in working box 1 mark for correct substitution of figures 6 000 + 280 - 1 400 or 6 280 - 1 400 (1)	<b>(2)</b>

**Total for Question 1 – 8 marks**

Q	Answer	Mark
2(a)	<p><b>1 mark for purpose of balance sheet plus two marks for development e.g.</b></p> <ul style="list-style-type: none"> <li>• A balance sheet is a statement of the assets, liabilities and capital at a particular point in time (1). It shows the liquidity/how solvent <i>SGH</i> is (1) and so Adem will know if he has enough current assets to pay debts (1).</li> <li>• A balance sheet is a statement of the assets, liabilities and capital at a particular point in time (1) and calculates the working capital of <i>SGH</i> (1). If this is increasing/decreasing Adem will know his business is growing/has problems (1).</li> </ul> <p><b>Do not</b> accept any answer on profit and/or loss Accept any other reasonable answer</p>	(3)

Q	Answer	Mark
2(b)	<p>The DVD recording equipment is not consumed or sold during the normal course of the business (1). Any asset expected to last/be in use for more than one year is considered a fixed asset (1). Accept any other appropriate answer</p>	(2)

Q	Answer	Mark
2(c)	<p><b>1 mark for each example from list to a maximum of 2</b></p> <ul style="list-style-type: none"> <li>• Purchase of hovercrafts</li> <li>• Purchase of van</li> <li>• Purchase of helmets</li> </ul>	(2)

Q	Answer	Mark
2(d)	<p><b>1 mark for each example from list to a maximum of 2</b></p> <ul style="list-style-type: none"> <li>• Monthly internet listing fee</li> <li>• Instructors wages</li> <li>• Payment for fuel</li> </ul>	(2)

**Total for Question 2 – 10 marks**

Q	Answer	Mark
<b>3(a)</b>	<p><i>SGH</i> could visit the supplier (1) and use the garage's chip and pin machine (1)  <i>SGH</i> could phone the supplier (1) and give their card details/PIN number (1)  <i>SGH</i> could use the internet to pay the supplier (1) entering their card details/PIN number (1)</p> <p>E.g. <i>SGH</i> could use the garage's chip and pin machine (1) to transfer money from their account to the garage's account (1)</p> <p>Accept any reasonable answer.  Do not accept reference to contactless payments.</p>	<b>(2)</b>

Q	Answer	Mark
<b>3(b)</b>	<p>Possible benefits of paying by credit card as opposed to debit card might include:</p> <ul style="list-style-type: none"> <li>• Does not need the money in <i>SGH's</i> bank account (1) as it is being borrowed from the credit card company (1)</li> <li>• Can be paid back in instalments/spreads payment (1) which can help <i>SGH's</i> budget (1)</li> <li>• Defers payment (1) <i>SGH</i> has one month to pay before interest is added</li> </ul> <p>Do not accept answers that would be applicable to both debit and credit cards. E.g. <i>Are able to pay over the phone/do not have to carry cash.</i></p> <p>Accept any reasonable answer.</p>	<b>(2x2)</b>

**Total for Question 3 – 6 marks**

Q	Answer	Mark										
<p><b>4(a)(i)</b> <b>4(a)(ii)</b></p>	<p>ONE mark for each correct stakeholder x 3 ONE mark for appropriate development x 3 e.g. see example below</p> <table border="1" data-bbox="424 389 1219 1285"> <thead> <tr> <th data-bbox="424 389 772 465">Stakeholder</th> <th data-bbox="772 389 1219 465">Interest in financial statements</th> </tr> </thead> <tbody> <tr> <td data-bbox="424 465 772 663">Suppliers (1)</td> <td data-bbox="772 465 1219 663">Suppliers will need to ensure that SGH will be capable of paying for goods and services (1)</td> </tr> <tr> <td data-bbox="424 663 772 896">Customers (1)</td> <td data-bbox="772 663 1219 896">Customers will be concerned whether SGH will survive/continue to provide goods and services (1)</td> </tr> <tr> <td data-bbox="424 896 772 1128">Bank/Lenders (1)</td> <td data-bbox="772 896 1219 1128">Lenders will need information concerning SGH's ability to make interest payments/repay loans/the security for their loan (1)</td> </tr> <tr> <td data-bbox="424 1128 772 1285">Adem and Sirin (owners/managers) (1)</td> <td data-bbox="772 1128 1219 1285">As owners/managers they are interested in profit levels (1)</td> </tr> </tbody> </table> <p><b>DO NOT</b> accept both owners and managers as separate stakeholders. <b>DO NOT</b> accept shareholders as business is a partnership</p> <p>Accept any reasonable answer.</p>	Stakeholder	Interest in financial statements	Suppliers (1)	Suppliers will need to ensure that SGH will be capable of paying for goods and services (1)	Customers (1)	Customers will be concerned whether SGH will survive/continue to provide goods and services (1)	Bank/Lenders (1)	Lenders will need information concerning SGH's ability to make interest payments/repay loans/the security for their loan (1)	Adem and Sirin (owners/managers) (1)	As owners/managers they are interested in profit levels (1)	<p><b>(6)</b></p>
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Q	Answer	Mark
5(b)	<p><b>1 mark for substituting the figures in the formula and 1 mark for the correct answer.</b></p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>85.9% (2 OFR)</p> <p>Or substituting the figures in the formula</p> <math display="block">\frac{\text{GP}}{\text{Sales}} = \frac{116\,000}{135\,000} \times 100 \text{ (1 OFR)}</math> </div> <p>Accept 86%</p>	<b>(2)</b>

Q	Answer	Mark
5(c)	<p>Answer must refer to a computerised accounting software, not computer hardware.</p> <p><b>1 mark for the disadvantage and up to 2 marks for the development.</b></p> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> <li>• A small business such as SGH may be wasting money purchasing a computerised accounting system</li> <li>• It takes time to set up a computerised accounting system</li> <li>• They will be dependent on technology</li> <li>• Set up costs can be high</li> <li>• Requires time/money for training</li> </ul> <p>For example:</p> <ul style="list-style-type: none"> <li>• <i>SGH is a small business (1) that can manage accounting manually/that could use a spreadsheet (1) – therefore the cost of a computerised system could be greater than the advantages it brings (1).</i></li> </ul>	<b>(3)</b>

**Total for Question 5 = 13 marks**

Q	Answer	Mark																
*6	<p>The aim here is for candidates to evaluate the decision. To reach a high level it is essential that the candidate demonstrates evaluative skills. Simple statements and theory will limit the candidate to Level 1.</p> <p>Candidates may use the following as part of their answer:</p> <table border="1" data-bbox="363 584 1230 1951"> <thead> <tr> <th data-bbox="363 584 778 622">Arguments for</th> <th data-bbox="778 584 1230 622">Arguments against</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 622 778 819">Cheques are time consuming/labour intensive and have to be physically paid into a bank.</td> <td data-bbox="778 622 1230 819">If customers pay by cash it will still need to be transported to a bank.</td> </tr> <tr> <td data-bbox="363 819 778 976">Staff would not have to count, process and manually handle cheques.</td> <td data-bbox="778 819 1230 976">If customers pay by cash it will still need to be stored and counted.</td> </tr> <tr> <td data-bbox="363 976 778 1133">Cheques are expensive - cheques can cost up to £1 each to process.</td> <td data-bbox="778 976 1230 1133">Banks charge a fee for each transaction on a chip and pin machine.</td> </tr> <tr> <td data-bbox="363 1133 778 1330">Cheques that are refused incur a charge for both the customer/payee and the business/drawer.</td> <td data-bbox="778 1133 1230 1330">It is rare for a cheque to bounce (only 0.75%).</td> </tr> <tr> <td data-bbox="363 1330 778 1603">Card transactions have little administration.</td> <td data-bbox="778 1330 1230 1603">Costs may rise as SGH will need to own or rent chip and pin hardware to accept cards. This incurs set up and staff training costs plus a purchase/rental charge.</td> </tr> <tr> <td data-bbox="363 1603 778 1877">As cheques have become a less favoured method of payment the decision might not really affect or deter customers, or restrict choice.</td> <td data-bbox="778 1603 1230 1877">Refusing to accept cheques may mean turning away business</td> </tr> <tr> <td data-bbox="363 1877 778 1951">Cheques need time to clear (up to 4 days).</td> <td data-bbox="778 1877 1230 1951"></td> </tr> </tbody> </table>	Arguments for	Arguments against	Cheques are time consuming/labour intensive and have to be physically paid into a bank.	If customers pay by cash it will still need to be transported to a bank.	Staff would not have to count, process and manually handle cheques.	If customers pay by cash it will still need to be stored and counted.	Cheques are expensive - cheques can cost up to £1 each to process.	Banks charge a fee for each transaction on a chip and pin machine.	Cheques that are refused incur a charge for both the customer/payee and the business/drawer.	It is rare for a cheque to bounce (only 0.75%).	Card transactions have little administration.	Costs may rise as SGH will need to own or rent chip and pin hardware to accept cards. This incurs set up and staff training costs plus a purchase/rental charge.	As cheques have become a less favoured method of payment the decision might not really affect or deter customers, or restrict choice.	Refusing to accept cheques may mean turning away business	Cheques need time to clear (up to 4 days).		<b>(10)</b>
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Level	Mark	Descriptor
No mark	0	Non-rewardable material
Level 1	1 – 3	<p>Basic arguments on both sides identified, or only one side considered. The answer is likely to be in the form of a list. Points made will be superficial/generic and not applied/directly linked to the situation in the question. No conclusion produced or the conclusion is a consequence of only one side of the argument being considered.</p> <p>At the bottom of this level only one argument will be identified.</p> <p>At the top of this level three or more arguments will be listed or two arguments will be identified with some superficial development.</p> <p>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.</p>
Level 2	4 - 7	<p>Arguments for and against are described, but there will be more emphasis on one side than the other. The answer will be unbalanced. A conclusion is present, but this is either implicit or as a result of unbalanced consideration of the arguments. There is little or unfocused justification of the conclusion. Most points made will be relevant to the situation in the question, but the link will not always be clear.</p> <p>At the bottom of this level no conclusion will be given or the conclusion will be irrelevant/generic/unsupported by a valid argument. The argument may be balanced but lacks development/the conclusion is supported by a list of points.</p> <p>At the top of this level a relevant conclusion will be presented but this will not be supported by a balanced argument/will not be explicitly stated. There has been some development of the argument but this is likely to be unbalanced.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling,</p>

		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	<p>Balanced explanation of both sides for and against. A conclusion is produced which is justified clearly linked to the consideration of arguments for and against, and their relative importance to the situation. The majority of points made will be relevant and there will be a clear link to the situation in the question.</p> <p>At the bottom of this level a relevant supported conclusion is produced but there may still be an unbalanced argument. Arguments are well developed/supported by use of data.</p> <p>At the top of this level a clear conclusion is produced which is fully justified by well balanced, developed arguments/supported by good use of data.</p> <p>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.</p>

**Total for Question 6 = 10 marks**  
**Total for Paper = 60 marks**