

# Mark Scheme (Results) Summer 2007

GCE O Level

## GCE O Level Commerce (7100) Paper 1A



For each of the questions (a) to (d):

1. Complete the following sentences by inserting one word in each.  
(A01 - Demonstrate = 4)

- (a) Commerce (1)  
(b) Public (1)  
(c) Pooling (1)  
(d) Brand/Trade (1)

2. Calculate the final invoice amount to be paid to the manufacturer from the following information. Show your working.  
(A02 - Apply = 2 marks)

$$£800 - £200 (25\%) = £600 (1)$$

£600 - £30 (5%) = £570 2 marks for correct answer. (1 Mark for correct method but calculation error)

(2)

3. What would be one reason for protecting consumers when they buy goods?

(A02 - Apply = 2 marks)

- Limited understanding of rights - example such as laws
- Limited knowledge of goods - example such as cars
- Weak position - compared to the financial resources of business
- Example of possible danger such as poor quality of goods - so that consumers can use the goods

1 mark for reason plus 1 mark for development

(2)

4. State two advantages of using cheques instead of cash.  
(A01 - Demonstrate = 2 marks)

- Large sums of money do not need to be carried/portable
- Clearing of cheques acts as proof of payment
- Cheques can be sent through the post
- More easily traced when stolen
- Less time in counting money/convenient
- Less money kept on premises
- Safer than carrying cash

1 mark for each advantage

(2)

5. Match each of the following documents to home and international trade by placing a cross in the correct boxes below.

*(AO1 - Demonstrate = 4 marks)*

Consignment note = Home  
Consular invoice = International  
Indent = International  
Order = Home

1 mark for each document correctly matched

(4)

6. Why are hypermarkets located in out of town centres?

*(AO2 - Apply = 2 marks)*

- Large stores - need 4650 square metres of selling space
- Visited by shoppers in cars - who buy weekly shop - need a large area to park
- Sell a wide variety of goods - example such as furniture

1 mark for one point plus 1 mark for development

(2)

7. Define the term mortgage loan.

*(AO1 - Demonstrate = 2 marks)*

Money lent for purchase of house - usually arranged by building society or other relevant points such as repayment mortgage - paid monthly - interest rate can vary/may have fixed interest rate for a set time

1 mark for definition plus 1 mark for development

(2)

8. State two benefits to a business of using video conferencing.

*(AO1 - Demonstrate = 2 marks)*

- Saves people time travelling to meetings
- Large savings in terms of cost
- Face-to-face communication is possible

1 mark for each benefit

(2)

9. (a) (i) **Define field research.**  
(AO1 - Demonstrate = 2 marks)

Collection of first-hand information - example (not questionnaire) or development - to find out what customers want

1 mark for definition plus 1 mark for development

(2)

- (ii) **Outline one other method of market research.**  
(AO1 - Demonstrate = 2 marks)

Desk or Secondary research - looking at information already collected or example

1 mark for name plus 1 mark for development

(2)

- (b) (i) **Give two examples of questions that Weekends Away Ltd could add to the market research questionnaire.**  
(AO2 - Apply = 2 marks)

Eg Q1 Where would you like to go on a weekend break?  
Q2 What type of accommodation do you want? Etc.

1 mark for each relevant question.

(2)

- (ii) **How would each question be useful to Weekends Away Ltd?**  
(AO3 - Analyse = 2 marks)

Eg Q1 Can find out most popular destinations  
Q2 Can find out what accommodation is desired and thereby review current accommodation packages on offer

1 mark for each relevant reason

(2)

- (c) **Explain why businesses carry out market research.**  
(AO1 - Demonstrate = 2 marks; AO2 - Apply = 2 marks)

Potential sales of a product - to see whether it is worthwhile to produce  
Consumers' attitudes to a product - do they like the colour/taste/name?  
Find out potential new markets - in different areas or countries  
Possible effects of changes in products or prices - risk losing customers

1 mark for point plus one mark for development of each

(4)

(d) State two services that an advertising agency offers, other than carrying out market research.

(AO1 - Demonstrate = 2 marks)

- Creating the advertisement/decide on the medium or device to be used
- Producing the advertisement
- Booking space for advertisement
- Advice/monitor the advertisement to see if it has been successful

1 mark for each valid point

(2)

(e) Analyse two disadvantages of advertising to consumers.

(AO1 - Demonstrate = 2 marks AO3 - Analyse = 4 marks)

- Advertising is expensive - can lead to increased prices - less money left to spend on other products
- Persuades consumers to buy goods they do not want - example - development of the example
- Persuades consumers to buy goods they cannot afford/don't need - example - could go into debt as a consequence
- Advertising is misleading - consumers can be disappointed - example
- Advertising exploits consumers - puts undue influence on material goods - example

1 mark for point plus 2 marks for development of each

(6)

Total 20 marks

10. (a) (i) Calculate the Visible Balance and the Current balance for 2006.

(AO2 - Apply = 2 marks)

Visible balance = 299 (1)

Current balance = 397 or OFR (1)

1 mark for each correct calculation

(2)

(ii) Give two examples of invisible trade.

(AO2 - Apply = 2 marks)

Any service such as banking; insurance; tourism; education; shipping; air travel; interest, profits and dividends from overseas investments.

1 mark for each correct service

(2)

**(b) What would be the effects on imported goods of quotas and tariffs?**

**(i) Quotas** (*AO2 - Apply = 2 marks*)

Restricts the amount of goods imported - eg x tons of tea

1 mark for effect plus one mark for development

**(2)**

**(ii) Tariffs** (*AO2 - Apply = 2 marks*)

Tariffs act as taxes on goods - making goods more expensive

1 mark for effect plus one mark for development

**(2)**

**(c) Discuss the benefits of international trade to the people living in a country.**

*(AO3 - Analyse = 4 marks)*

- Unemployment falls - as export trade/production increases
- Wider choice of goods - for example tropical fruits
- Higher living standards - because of greater variety/higher income
- Better quality of goods - greater reliability

1 mark per point plus 1 mark for development of each

**(4)**

**(d) State two difficulties faced by exporters in international trading.**

*(AO1 - Demonstrate = 2 marks)*

Language problems

Information needed to arrange for export agents

Risk of non-payment (especially in unstable countries)

Different laws/regulations/eg left-hand drive cars need to be made

Currency changes can make goods more expensive/need for conversion

Longer distances increases costs/need for air or sea transport

Documentation required/more complicated

Greater risk of goods being stolen

1 mark per point

**(2)**

(e) Examine two ways by which a government helps businesses who export goods.

*(AO1 - Demonstrate = 4 marks; AO2 - Apply = 2 marks)*

- DTI Trade missions - visit countries to meet buyers/potential partners - finds information about trading opportunities
- ECGD - insurance service against non-payment of debts - reduces the risks of international trading
- Trade Exhibitions - display company goods - opportunity to meet potential buyers - raises awareness of businesses' products
- British Overseas Trade Board - information on tariffs, trade problems - example

1 mark per point plus 2 marks for development of each

(6)

Total 20 marks