

# Mark Scheme (Results) Summer 2008

GCE

## O Level Commerce (7100) Paper 1A

## 7100 1A Mark Scheme Summer 2008

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

Question Number	Answer	Mark
1(b)	Skilled/efficient/productive	(1)

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

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

Question Number	Answer	Mark
2	$\text{£}8000 + \text{£}12000 = \text{£}20000/2 = \text{£}10000$ $\text{£}100000/10000 = 10$ (1 mark for method but incorrect answer)	(2)

Question Number	Answer	Mark
3	Valid points could include: <ul style="list-style-type: none"> <li>• Free gifts - lip gloss with a fashion magazine</li> <li>• Coupons - in newspapers</li> <li>• Competitions - entry form on the back of a food packet</li> <li>• Loss leader - sell below cost to encourage sales of other products in store</li> <li>• Advertising - persuades consumers to buy products</li> </ul> (1 mark for technique plus 1 mark for description)	(2)

Question Number	Answer	Mark
4	Valid points could include: <ul style="list-style-type: none"> <li>• Feedback is immediate</li> <li>• Can explain</li> <li>• Personal/direct conversation</li> <li>• Caller is aware if telephone is not answered</li> </ul>	(2)

Question Number	Answer	Mark
5	Partnership = Private Co-operative = Private Local authority = Public Friendly society = Private	(4)

Question Number	Answer	Mark
6	Valid points could include: <ul style="list-style-type: none"> <li>• Language - documents might need translation</li> <li>• Currency - exchange rates fluctuate/conversion</li> <li>• Import restrictions - quotas/duties/embargoes</li> <li>• Documentation - a lot of complicated forms to fill in</li> <li>• Verifying credit worthiness - increases risk of not being paid</li> </ul> (1 mark for difficulty plus 1 mark for development)	(2)

Question Number	Answer	Mark
7	Valid points could include: <ul style="list-style-type: none"> <li>• Deduction of price - given by traders to other traders</li> <li>• Allows buyers to make a profit - when they resell goods</li> <li>• Encourages traders to bulk buy - increases sales</li> </ul> (1 mark for point plus 1 mark for development)	(2)

Question Number	Answer	Mark
8	Valid points could include: <ul style="list-style-type: none"> <li>• controls the issue of notes and coins</li> <li>• enforces government policy eg interest rates</li> <li>• it is the Government's bank</li> <li>• acts as the bankers' bank</li> <li>• manages the Government's debt</li> <li>• lender of last resort</li> <li>• arranges inter-bank clearing settlements</li> </ul>	(2)

Question Number	Answer	Mark
9(a)	Valid points could include: <ul style="list-style-type: none"> <li>• unlimited liability</li> <li>• membership is limited to 20</li> <li>• disagreements among partners</li> <li>• each partner legally responsible for actions of others</li> <li>• lack of continuity</li> </ul>	(2)

Question Number	Answer	Mark
9(b)(i)	Valid points could include: <ul style="list-style-type: none"> <li>• name of the company</li> <li>• address of registered office</li> <li>• objects of the company</li> <li>• liability clause</li> <li>• amount/type of issued shares</li> <li>• association clause</li> </ul>	(2)

Question Number	Answer	Mark
9(b)(ii)	Valid points could include: <ul style="list-style-type: none"> <li>• voting rights of members</li> <li>• methods of electing directors</li> <li>• number of directors</li> <li>• procedures for calling meetings</li> </ul>	(2)

Question Number	Answer	Mark
9(c)	Valid points could include: <ul style="list-style-type: none"> <li>• limited liability (A01) - liability limited to amount of capital invested</li> <li>• no personal possessions taken - example</li> <li>• legal requirements (A01) - safeguards the investor - more likely to invest</li> <li>• can gain capital from more investors (A01) - easier to share losses</li> </ul> (1 mark for point plus up to 2 marks for development of each)	(4)

Question Number	Answer	Mark
9(d)	$5p/50p \times 100/1 = 10\%$ (1 mark for method) (2 marks for correct answer)	(2)

Question Number	Answer	Mark
9(e)	Valid points could include: <ul style="list-style-type: none"> <li>• higher sales/higher profits</li> <li>• increased dividend/higher income growth</li> <li>• directors' statement made/expansion plans</li> <li>• potential takeover/speculation - increased demand for shares</li> </ul> (1 mark per point plus up to 3 marks for development)	(4)

Question Number	Answer	Mark
9(f)	Valid points could include: <ul style="list-style-type: none"> <li>• place where shares can be sold acts as a means of valuing securities - shareholdings can be valued for tax purposes - helps in takeover bids</li> <li>• acts as a market for buying shares - able to participate in company profits - more likely to buy shares if they can be sold easily</li> <li>• Easier way of raising finance for new companies - new issue market</li> <li>• Government finance for long term - selling of securities</li> </ul> (1 mark for point plus up to 3 marks for development of each)	(4)

Question Number	Answer	Mark
10(a)(i)	Channel 2 or 3 - milk is a perishable item (1 mark for correct channel plus one mark for reason)	(2)

Question Number	Answer	Mark
10(a)(ii)	Channel 1 or 2 - newspapers are sold mainly by small-scale retailers  (1 mark for correct channel plus one mark for reason)	(2)

Question Number	Answer	Mark
10(b)(i)	Valid points could include: <ul style="list-style-type: none"> <li>• goods are bought in bulk (AO1) - no dealings with various small scale retailers</li> <li>• stores goods (AO1) - no need for producer to have warehouse</li> <li>• advance payment can be made (AO1) - allow producer to continue production</li> <li>• goods collected from producer (AO1) - no transport expenses needed</li> <li>• risk taking - risk of price instability</li> <li>• packaging/promotion - this saves the manufacturer expense</li> <li>• feedback on customer preference - lets producer know which products are popular</li> </ul> (1 mark for point plus one mark for development)	(4)

Question Number	Answer	Mark
10(b)(ii)	Valid points could include: <ul style="list-style-type: none"> <li>• goods sold in small quantities</li> <li>• self-service layout</li> <li>• lower prices</li> <li>• range of goods</li> <li>• advice</li> </ul>	(4)

Question Number	Answer	Mark
10(c)	<p>Valid points could include:</p> <ul style="list-style-type: none"> <li>• increasing importance of large scale retailers - able to bulk buy</li> <li>• manufacturers opening up their own shops - greater control over sales</li> <li>• increasing use made of direct selling such as internet - cutting costs</li> <li>• nature of goods, such as cars - no need to sell quickly/low rate of turnover</li> <li>• branded goods - no need for advice</li> </ul> <p>(1 mark for point plus 1 mark for development of each)</p>	<b>(4)</b>

Question Number	Answer	Mark
10(d)	<ul style="list-style-type: none"> <li>• eg quotation (0) - gives customer information required from letter of enquiry - details of goods/catalogue numbers/delivery</li> <li>• delivery note (0) - signed by the customer - acts as proof that the goods have been delivered</li> </ul> <p>(1 mark for point plus 1 mark for development of each)</p>	<b>(4)</b>

