

Mark Scheme (Results) Summer 2008

GCE

O Level Commerce (7100) Paper 1B

7100 1B Mark Scheme Summer 2008

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1(a) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • leaflets • local newspaper adverts • displays • posters/banner • internet | (2) |

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|-----------------|---|------|
| 1(b) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • more customers served with fewer staff - lower wage costs • savings in costs - may allow reduced prices /special offers • customers generally can be served more quickly - less waiting • more impulse buying - exposure to displays • better use of space in shop - greater variety of stock • customers prefer self-service - chance to look and choose without • pressure of sales assistants <p>(1 mark per point plus 1 mark for development of each)</p> | (6) |

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|-----------------|---|------|
| 1(c) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • low prices - bulk-buying from producer • wide range of goods available - not food on its own • convenience of parking - can do weekly shop • customer can shop at own speed - able to look for brands required • customers can choose for themselves from shelves - pick the best • own supermarket brands often cheaper - saves money on weekly shop • facilities available - restaurants/children's area/toilets <p>(1 mark per point plus 1 mark for development of each)</p> | (6) |

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|-----------------|--|------|
| 1(d) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • convenience element - particularly for goods such as bread • situated on local estate - no need for travel • provision of more personal service - owner attention/advice • can stock goods for customers' specific requirements - example • cost of shop combined with home - can be run as family business • more flexible opening hours - can open later • may offer special services - credit provided/after sales service • delivery - more convenient for customers <p>(1 mark per point plus 1 mark for development of each)</p> | (6) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 2(a) | Valid points could include: <ul style="list-style-type: none"> • Third party • Third party, fire and theft • Comprehensive | (2) |

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| 2(b) | Valid points could include: obtain quotation - from insurance company/broker - choose lowest premium or most suitable - complete proposal form - with utmost good faith or relevant facts - pay premium requested - receive cover note - shows proof of insurance cover - policy issued - showing terms of insurance (1 mark per point) | (6) |

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| 2(c) | Valid points could include: <ul style="list-style-type: none"> • full and accurate facts are the basis of accepting the proposal - insurance company unlikely to accept a more risky insurance risk - level of risk could be reduced by wrong details • relevant facts determine the premium - higher premium for more expensive sports car • the principle of utmost good faith has to be followed - if incorrect information given in the policy will be declared void - insured will lose premiums - e.g. insurance companies need to make a profit - to invest - pay shareholders • insurable interest - cannot insure someone else's property (1 mark per point plus up to 5 marks for development) | (6) |

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| 2(d) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • the damage may not total £10000 - car may not be a total write-off • he may have only insured for third party - covers only damage caused to others • terms of the policy may be broken - incorrect information given • may have over-insured - cannot make a profit from a loss - principle of indemnity involved <p>(1 mark per point plus up to 5 marks for development)</p> | (6) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 3(a) | Hire purchase Credit sale Credit cards/Visa cards Store cards Budget account Loans Overdrafts | (2) |

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|-----------------|--|------|
| 3(b) | Valid points could include: <ul style="list-style-type: none"> • can postpone payment - can use money for another purpose • gets the goods immediately - no need to wait • allows customer to take advantage of special offer - eg January sales • benefit if inflation is rising - paying less in real terms • easy to buy on-line/telephone - thereby convenience of payment • expensive goods - can pay by instalments (1 mark per point plus 1 mark for development of each) | (6) |

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| 3(c)(i) | Valid points could include: <ul style="list-style-type: none"> • More convenient using credit cards - no need to carry cash • Credit card/store card/overdraft - relatively small cost - could be paid off without interest or quickly- little second-hand value (1 mark per correct type plus 2 marks for development of each) | (3) |

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| 3(c)(ii) | Valid points could include: Hire purchase/loan - large amount of money - can be paid back in instalments -some protection in law (1 mark per correct type plus 2 marks for development of each) | (3) |

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| 3(d) | Valid points could include: <ul style="list-style-type: none"> • may buy more than she can afford - may have to cut back on necessities • may default on payment - money is lost • court action - goods may have to be repossessed • goods may be more expensive - due to higher rate of interest • may have to pay expensive interest charges - if credit card payment missed | (6) |

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|-----------------|--|------|
| 4(a) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • medical supplies • flowers • spare parts • gold • fine china • food aid • perishable • expensive • small/light weight • urgent/emergency | (2) |

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| 4(b) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • larger aircraft - more powerful engines - able to carry more goods • larger airports - longer runways/greater facilities - example • more airports - air transport to more destinations - more air freight companies such as DHL - have their own planes • growth of container trade - more types of goods being carried <p>(1 mark per point plus up to 2 marks for development of each)</p> | (6) |

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| 4(c) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • goods may be too heavy - airplanes cannot take the weight of goods • goods may be too bulky - insufficient capacity of aircraft • sea is cheaper - particularly for bulk loads • much cargo is not sufficiently valuable - to bear high air costs • some goods need special attention - such as oil • some goods do not have any urgency - non-urgent machinery <p>(Note: do not accept reverse points) (1 mark per point plus 1 mark for development of each)</p> | (6) |

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| 4(d) | <p>Valid points could include:</p> <ul style="list-style-type: none"> • allows a country/area to specialise - benefits of specialisation • offers wider market for goods - more sales • enables goods to be imported/exported - avoids shortages - example • raw materials can be cheaply/quickly sent to factories - lessens delays in production • finished goods can be cheaply/quickly sent to markets - goods are able to be bought • increases mobility of labour - gets people to work <p>(1 mark per point plus up to 2 marks for development of each)</p> | (6) |