

Mark Scheme Summer 2009

GCE

GCE O level Commerce (7100)

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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.

7100/1A Mark Scheme

Question Number	Answer	Mark
1 (a)	National/Home/Domestic.	(1)

Question Number	Answer	Mark
1 (b)	Hypermarkets.	(1)

Question Number	Answer	Mark
1 (c)	Bulk/Large quantities.	(1)

Question Number	Answer	Mark
1 (d)	Persuasive/Competitive/Collective.	(1)

Question Number	Answer	Mark
2	<p>Net profit = £14 000</p> <p>Net profit margin = $\frac{\text{Net profit}}{\text{Sales Revenue}} \times 100 = 14\%$</p> <p>1 mark for correct method but incorrect answer. 2 marks for correct answer.</p>	(2)

Question Number	Answer	Mark
3	<p>An amount of money taken out of a current account (1) that is more than the total amount of money in the account. (1) - goes into the red (1).</p> <p>1 mark for current account plus 1 mark for development.</p>	(2)

Question Number	Answer	Mark
4	<ul style="list-style-type: none"> • Banker to the government • Sole Issuer of bank notes • Banker to other commercial banks • Lender of last resort • Control interest rates <p>1 mark for each function.</p>	(2)

Question Number	Answer	Mark
5	Combine harvester = Producer Lorry = Producer Shoes = Consumer Television = Consumer 1 mark for each product correctly matched.	(4)

Question Number	Answer	Mark
6	A label/logo/name - to give a product/service a particular image - reinforced by advertising - to differentiate products - to emphasise quality. 1 mark for each point.	(2)

Question Number	Answer	Mark
7	Letters of inquiry, catalogues, price lists, quotations, orders, invoices, advice notes, consignment notes, credit notes, debit notes, statement of account, receipts. 1 mark for each example.	(2)

Question Number	Answer	Mark
8	Evidence of valid contract of carriage - between the consignor and the carrier - used when transporting goods by sea. Receipt signed by the carrier - confirming whether goods matching the contract description have been received in good condition. Document of transfer - it governs all the legal aspects of physical carriage - it may be endorsed affecting ownership of the goods actually being carried. 1 mark for a purpose plus 1 mark for development.	(2)

Question Number	Answer	Mark
9 (a) (i)	Countries do not impose tariff barriers on imported goods (1) from other member countries (1).	(2)

Question Number	Answer	Mark
9 (a) (ii)	Tariffs act as taxes/duties on goods - making goods more expensive - when they are imported - form of protectionism. 1 mark for each point.	(2)

Question Number	Answer	Mark
9 (b)	<ul style="list-style-type: none"> • No tariffs charged on their exports - makes their goods cheaper - increase sales. • Free access to EU markets - increases sales. • No tariffs on imports - components/raw materials cheaper. • Cheaper production costs in Romania - more competitive than other EU businesses. <p>1 mark for each point plus up to 3 marks for development.</p>	(4)

Question Number	Answer	Mark
9 (c)	<ul style="list-style-type: none"> • Language - advertising may have to be translated. • Information - need to arrange for export agents. • Risk of non-payment - especially in unstable countries. • Different laws/regulations - for example 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 - usually more complicated. • Barriers to trade - harder to export to these markets. • Needs to be competitive in the international market. <p>1 mark for each point plus up to 2 marks for development.</p>	(6)

Question Number	Answer	Mark
9 (d)	<p>Worsen it (1) - worsen trade in goods/current balance (1) - due to increase in imports (1).</p> <p>1 mark for indicating it will make negative larger/reduce surplus/worsen it. 1 mark for development in terms of which part might worsen.</p>	(2)

Question Number	Answer	Mark
9 (e)	<ul style="list-style-type: none"> • So the business doesn't get sued - fines are expensive. • Bad publicity - reduces sales. • Products break - expensive to replace them. <p>1 mark for each point plus 1 mark for development.</p>	(4)

Question Number	Answer	Mark
10 (a) (i)	<ul style="list-style-type: none"> • Communication using the computer. • Electronic communication. • Using the Internet. • Written message on computer. • Received by another user on a computer. <p>1 mark for each point up to 2 marks.</p>	(2)

Question Number	Answer	Mark
10 (a) (ii)	<ul style="list-style-type: none"> • A fast method of sending information - sent anywhere in the world to other factories in seconds. • Can send message at anytime - receiver in other countries doesn't have to be logged on to receive message - time differences. • Message can be saved - record of communication if Coca-Cola want to query information. • Confidential - passwords used. • Sent to many people at the same time - instead of having to send the same message several times which is time consuming and less efficient. <p>1 mark per point plus 1 mark for development.</p>	(4)

Question Number	Answer	Mark
10 (b)	<p>Less expensive - doesn't needs good internet link. Doesn't need suitable equipment to send and receive images - power supply may be unreliable. Can discuss issues - can clarify points. Instant feedback - know the message has been received and understood.</p> <p>1 mark per point plus 1 mark for development of each or 4 x 1.</p>	(4)

Question Number	Answer	Mark
10 (c)	<ul style="list-style-type: none"> • Set of interactive telecommunication technologies/specific equipment required. • Allows two or more locations to interact. • Two-way video/face to face. • Can see each other simultaneously. • Less expensive as no need to travel. • May have technical difficulties. <p>1 mark per feature.</p>	(4)

Question Number	Answer	Mark
10 (d)	<ul style="list-style-type: none"> • Send documents - record needed - for example send cheques. • Signatures required - legal requirement/contract. • Confidential information - signature required to ensure correct recipient. • Security required - ensure not been tampered with/not hacked into. • Large amounts of information - too bulky and not suitable to send in electronic format. • Technical issues. <p>1 mark per example plus up to 2 marks for development or 3 x 2 marks.</p>	(6)

7100/1B Mark Scheme

Question Number	Answer	Mark
1 (a)	<p>Form of risk management - primarily used to cover the risk of a loss, for example equitable sharing of the risk of a loss/pooling of risk - in exchange for a premium.</p> <p>1 mark per point plus 1 mark for development.</p>	(2)

Question Number	Answer	Mark
1 (b)	<p>To reduce risk, for example if had a fire and building damaged - insurance company would pay for repairs. If Peter is ill - insurance would pay compensation - payment for alternative staffing. Vehicle cover - if in accident then pays for repairs/replacement - business doesn't suffer loss of vehicle while other being repaired. Customer injury - if sued pays compensation - rather than Peter paying out of his own money. Employee injury - if sued pays compensation - rather than Peter paying.</p> <p>1 mark per point plus up to 2 marks for development.</p>	(6)

Question Number	Answer	Mark
1 (c)	<p>Uninsurable risks are risks that cannot be calculated accurately - statistics are not available - therefore a premium cannot be calculated, eg insurance premium based on risk - probability of the event happening - statistics on the event happening, eg cafe burgled. Risks vary, eg insurance premium will vary between cafes because some cafes will be in areas which have a higher risk of burglary and so will pay a higher premium.</p> <p>1 mark per point plus up to 2 marks for development. (Maximum of 4 marks if one sided).</p>	(6)

Question Number	Answer	Mark
1 (d)	<p>Whole life policies - will pay for his funeral expenses - his family will not have to find this money.</p> <p>Term policies - will provide a sum of money if something happens within a set term of time - will cover the business debts if he dies.</p> <p>Endowment policies - a fixed sum will be paid to him at a set time in the future or to his family on his death, eg will pay off a business/house mortgage - type of savings as well as insurance - with or without profits.</p> <p>Family income policies - Peter's dependents will be paid an agreed sum at - regular intervals if he dies.</p> <p>1 mark per point plus up to 5 marks for development.</p>	(6)

Question Number	Answer	Mark
2 (a)	<p>Involves the collection of new/original information.</p> <p>Plus development such as - collected through use of surveys/interviews/questionnaires - research which is designed for a specific purpose.</p> <p>1 mark for a point plus 1 mark for development.</p>	(2)

Question Number	Answer	Mark
2 (b)	<p>Questionnaires - decide type of sample - questions to be asked about customer preferences for different types of car - where questionnaire is to be carried out, eg car showrooms - find out customer opinion on Megamotos business and competitors who sell cars.</p> <p>Interviews - type of interview structured or unstructured - sample group could include Megamotos customers or customers of competitors - where carried out, eg car showroom.</p> <p>Look on the Internet - could look at government statistics on car sales/competitors information on best selling models of car.</p> <p>1 mark per point plus up to 3 marks for development. For maximum marks the answer must be applied to Megamotos. (Maximum of 4 marks if only one method).</p>	(6)

Question Number	Answer	Mark
2 (c)	<p>Find out why sales are falling - respond to customer dissatisfaction - example.</p> <p>Find out why competitors are popular - copy competition - example.</p> <p>Find new markets - introduce new models of cars - attract more customers.</p> <p>1 mark per point plus up to 2 marks for development.</p>	(6)

Question Number	Answer	Mark
2 (d)	<p>Advertising raises customer awareness of cars - leads to increased sales of cars - results in increased profits. Without advertising customers could go to other car dealers - competitors increase sales and Megamotos sales fall - lack of success/sales/reduced profits.</p> <p>Advertising increases costs - could lead to reduced profits - unless increased sales revenue is greater than the increased costs of advertising.</p> <p>Megamotos could have excellent reputation and regular customers - advertising not needed if car deals are excellent anyway.</p> <p>1 mark per point plus up to 3 marks for development.</p> <p>For maximum marks the answer must be applied to Megamotos.</p> <p>(Maximum of 4 marks if one sided argument).</p>	(6)

Question Number	Answer	Mark
3 (a)	<ul style="list-style-type: none"> • Products • Quantity • Price • Total price • Supplier/name/address • Date • VAT number • Discount available/terms • Ref number/Order number • Invoice number <p>1 mark for each piece of information.</p>	(2)

Question Number	Answer	Mark
3 (b)	<p>Summary of invoices/credit notes - shows what has been purchased/returned/paid for - any errors can be rectified.</p> <p>Indicates that payment is due - reminder of the payment terms - speeds up payment and reduces the need for overdraft.</p> <p>1 mark per point plus up to 2 marks for development.</p>	(6)

Question Number	Answer	Mark
3 (c)	<p>Encourages purchases - buyers don't need to find the money straight away.</p> <p>Can sell the goods and then pay for them - eases cash flow.</p> <p>Increases competition if competitors don't offer trade credit - increases sales.</p> <p>Wait for payment - loses interest on money/overdrawn at bank and has to pay interest.</p> <p>Buyers default on payment - loss of profit - if on a large scale could cause bankruptcy.</p> <p>1 mark per advantage/disadvantage plus up to 3 marks for development.</p>	(6)

Question Number	Answer	Mark
3 (d)	<ul style="list-style-type: none"> • May encourage more customers - increased sales - increased profit. • Increase prices but buyers willing to pay - increased time to find payment . • Losing interest on money/interest payment for overdraft - reduces profit - cash flow problems. • Longer time before realise no payment - more risk of non-payment. <p>1 mark per point plus up to 3 marks for development. (Maximum of 4 marks if one sided argument).</p>	(6)

Question Number	Answer	Mark
4 (a)	Cannot be cashed - paid into an account - has to be paid into Mr Guitano's/payee's account - Lloyds TSB account - Special crossing. 1 mark per point.	(2)

Question Number	Answer	Mark
4 (b)	Mr Guitano pays cheque into his Lloyds TSB bank account - bank credits Mr Guitano's account - cheque sent to bank HQ to be sorted - sent to London Clearing House - offsetting of cheques - cheque sent to First National bank - F T Brand's account is debited - cheque retained by First National. 1 mark per point up to a maximum of 6 marks. For maximum marks the answer must be in context.	(6)

Question Number	Answer	Mark
4 (c)	<ul style="list-style-type: none"> • Credit history with bank - has he always paid his bills on time - is he likely to pay back the loan. • Collateral - is security available if he defaults on the payment - bank should get their money back. • Business idea - does the idea seem as though it will be profitable - how likely is the business to be able to pay back the loan. • Amount of the loan - is it a small sum compared to what Mr Guitano is putting into the business - small loan less risk than a large loan. • Monthly income - is it sufficient to repay the loan. <p>1 mark per point plus up to 2 marks for development.</p>	(6)

Question Number	Answer	Mark
4 (d)	<ul style="list-style-type: none"> • Advice - business bankers have a lot of experience - help avoid mistakes which could cost sales and profits. • Overdraft - if cash flow shows there will be times when the business will run short of cash - overdraft will allow the business to keep trading and still buy stock - eases liquidity problems. • Savings account - pays interest on spare cash. • Standing orders/direct debits - automatic payments make it more convenient - regular payments not late - good credit rating/reputation with suppliers. • Night safe facility - secure place for cash - less likely to be stolen. • Current account - cheque book/debit card for easy payment. • Foreign currency - if importing/exporting. • BACS - saves time when paying wages. <p>1 mark per service plus up to 2 marks for development of how the service is helpful and a third mark for application to the new business.</p>	(6)

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