

Mark Scheme Summer 2008

O Level

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 judgment 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 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"> • Free gifts - lip gloss with a fashion magazine • Coupons - in newspapers • Competitions - entry form on the back of a food packet • Loss leader - sell below cost to encourage sales of other products in store • Advertising - persuades consumers to buy products (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"> • Feedback is immediate • Can explain • Personal/direct conversation • Caller is aware if telephone is not answered 	(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"> • Language - documents might need translation • Currency - exchange rates fluctuate/conversion • Import restrictions - quotas/duties/embargoes • Documentation - a lot of complicated forms to fill in • Verifying credit worthiness - increases risk of not being paid (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"> • Deduction of price - given by traders to other traders • Allows buyers to make a profit - when they resell goods • Encourages traders to bulk buy - increases sales (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"> • controls the issue of notes and coins • enforces government policy eg interest rates • it is the Government's bank • acts as the bankers' bank • manages the Government's debt • lender of last resort • arranges inter-bank clearing settlements 	(2)

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

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

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

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

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

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

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

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

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

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

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

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

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

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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

Question Number	Answer	Mark
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)

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