

Mark Scheme January 2009

GCE

GCE O Level Commerce (7100)

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7100/1A Mark Scheme

Question Number	Answer	Mark
1(a)	Customs and Excise or HM Revenue and Customs or Customs	(1)

Question Number	Answer	Mark
1(b)	Dividend	(1)

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

Question Number	Answer	Mark
1(d)	Primary / Market / Field	(1)

Question Number	Answer	Mark
2	<p>Value points could include:</p> <p>(Producer goods) - inputs in the production of other goods - such as partly finished goods, components or raw materials - also called intermediate goods</p> <p>(Consumer goods) - final goods - intended to be bought by consumers for consumption.</p> <p>1 mark for each definition.</p>	(2)

Question Number	Answer	Mark
3	<p>Valid points could include:</p> <p>Finance</p> <p>Banking</p> <p>Insurance</p> <p>Warehousing</p> <p>Communications</p> <p>Telecommunications</p> <p>Advertising agencies</p> <p>1 mark for each example.</p>	(2)

Question Number	Answer	Mark
4	Valid points could include: To protect consumers from misleading advertisements To stop manufacturers telling lies in advertisements To regulate the advertisements of alcohol/tobacco/discourage consumption Other suitable reason 1 mark for each reason	(2)

Question Number	Answer	Mark
5	Owned by the government = public corporation Sells shares to the public = public limited company The owners have limited liability = public limited company Usually provides a public service = public corporation 1 mark for each statement correctly matched.	(4)

Question Number	Answer	Mark
6	Valid points could include: Acceptability - others willing to accept it in exchange for goods Stability of value - so that it can carry out its function of measure of value/deferred payment Portability - easy to carry around Divisibility - so that small payments can be made Durability - it should not deteriorate 1 mark for a characteristic plus 1 mark for development	(2)

Question Number	Answer	Mark
7	<p>Valid points could include:</p> <p>Recognised brand name e.g. Nike - confidence to consumer</p> <p>Brand image - reinforced by advertising</p> <p>Emphasises quality - increases sales</p> <p>Distinguishes the shoes from competitors shoes - brand loyalty</p> <p>Used in stadium advertising - seen by large numbers of people</p> <p>Use of famous sports personality - emulating sporting hero</p> <p>Sponsorship - appears in wider settings</p> <p>1 mark for each point of application</p>	(2)

Question Number	Answer	Mark
8	<p>Valid points could include:</p> <p>Identifies the country where a product has been manufactured - usually over 50% defines where the goods were made</p> <p>Document required by importing country - confirmed by official body in exporting country - import duty may need to be applied to the goods.</p> <p>1 mark for a purpose plus 1 mark for development.</p>	(2)

Question Number	Answer	Mark
9(a)(i)	<p>Valid points could include:</p> <p>Rail</p> <p>Inland waterway (accept canal/river)</p> <p>Air</p> <p>Pipeline transport</p> <p>Coastal shipping</p> <p>Ferry</p> <p>Ship</p> <p>1 mark for each way</p>	(2)

Question Number	Answer	Mark
9(a)(ii)	<p>Valid points could include:</p> <p>Rail - when speed is needed - faster than road over long distances transport - no congested roads - specialised facilities required - bulk cargoes of coal/petroleum/cars- long distances to transport goods - cheaper - faster Inland waterway - when speed not important - cheaper Air - speed is needed - faster than road transport Pipeline transport - only suitable for goods such as gas and oil - then its cheaper once pipeline is in place Coastal shipping - when speed not important - bulky cargo - cheaper</p> <p>1 mark for each point plus 1 mark for development</p>	(4)

Question Number	Answer	Mark
9(b)	<p>More control over deliveries - when goods are sent out/increased flexibility Theft less likely as supervised by own staff - known well Advertising - on the sides of the lorry Haulage businesses profits are absorbed - may be cheaper</p> <p>1 mark for each point plus 1 mark for development</p>	(4)

Question Number	Answer	Mark
9(c)	<p>Valid points could include:</p> <p>Freight notes Export/import licenses Health certificates Customs entry Certificate of insurance Certificate of origin</p> <p>1 mark for each document</p>	(2)

Question Number	Answer	Mark
9(d)	<p>Valid points could include: Duties need to be paid - proof of origin Health and safety may be different in other countries - check the goods meet H & S standards Proof of ownership - more risky for importer and exporter Reduce risk of theft - documents checked for ownership Insurance - different risks involved in importing/exporting</p> <p>1 mark for each point plus 1 mark for development</p>	(4)

Question Number	Answer	Mark
9(e)	<p>Valid points could include: Improvements in lorries - size - speed - reliability Improved infrastructure such as motorways - better links with sea, rail and air</p> <p>1 mark for each point plus 1 mark for development</p>	(4)

Question Number	Answer	Mark
10(a)(i)	<p>Valid points could include: Building with interconnecting walkways or several floors - containing a variety of retail units/shops own car park attached - all under one roof - facilities e.g. children's play area</p> <p>1 mark per point - up to maximum of 2 marks</p>	(2)

Question Number	Answer	Mark
10(a)(ii)	<p>Valid points could include: Land is cheaper / reduces costs Easier to reach for customers / attracts more people/near motorway Large area of land available / parking provided</p> <p>1 mark per reason</p>	(2)

Question Number	Answer	Mark
10(b)	<p>Valid points could include: Greater variety of shops - more choice Increased competition - lower prices/better quality goods More convenient - all shops together - one stop shopping Pleasant environment - indoor so protects from rain/heat/cold Parking available - easier to get to shops/carry shopping to car</p> <p>1 mark per point plus 1 mark for development</p>	(4)

Question Number	Answer	Mark
10(c)	<p>Valid points could include: More competition - falling sales - reducing profits/lead to bankruptcy Fewer shoppers - fewer customers - falling revenue/profits Shops close - fewer people come to the town centre - reduced customers</p> <p>1 mark per point plus up to 3 marks for development</p>	(4)

Question Number	Answer	Mark
10(d)	<p>Valid points could include: Middleman or intermediary (1) between producer and retailer (1) - buys in large quantities (1) and breaks them down into smaller quantities (1)</p> <p>1 mark per point.</p>	(2)

Question Number	Answer	Mark
10(e)	<p>Valid points could include: Sells in small quantities - reducing the need for storage Provides credit - delays payment for retailer Delivery - retailer doesn't need own transport cheaper Gives advice - on new trends/products</p> <p>1 mark per example plus up to 1 mark for development</p>	(6)

7100/1B Mark Scheme

Question Number	Answer	Mark
1(a)	Opening stock + purchases (1) - closing stock (1) = cost of sales or turnover - gross profit 1 mark for each part of the formula	(2)

Question Number	Answer	Mark
1(b)	1 mark for any suitable example of expense and 1 mark for explanation, e.g. Rent has fallen - lease renegotiated Advertising costs fallen - in-house advertising materials Change in legislation - reduced business rates	(6)

Question Number	Answer	Mark
1(c)	Up to 2 marks for comment on the changes in the figures, for example 'sales turnover has increased by £20 000' (1) Gross profit margin lower - fallen to 50% - lower mark up - to increase sales/more competitive Net profit margin higher - increased to 25% - due to lower gross profit margin - lower expenses 1 mark per point plus up to 2 marks for development of whether performance has improved or worsened. OFR applies.	(6)

Question Number	Answer	Mark
1(d)	Valid points could include: Increased risk - if order lost then major difficulties Power of buyer - pressure to conform to buyer requests Discount means lower price - but may increase sales revenue/will costs be covered Reduced transport/administration costs - increased profit Check financial position of the company - creditworthy/ability to pay 1 mark per point plus 1 mark for development	(6)

(Total 20 marks)

Question Number	Answer	Mark
2(a)	Imports are goods or services purchased from abroad. Exports are goods or services sold abroad. 1 mark for each definition. (2 x 1)	(2)

Question Number	Answer	Mark
2(b)	Shoes are export of goods (1) - increase in exports (1) - Balance of Trade will improve (1) - Balance of Payments on Current Account will improve. (1) Profits affect balance of trade in invisibles (1) - balance of trade in invisibles will worsen (1) - balance of payments on current account will worsen. (1)	(6)

Question Number	Answer	Mark
2(c)	Valid points could include: No tariffs on their exports - more competitive prices - sell more of their shoes/higher profit Tariffs on imports - more competitive than imports from outside free trade area - sell more shoes/higher profit 1 mark per point plus up to 2 marks for development	(6)

Question Number	Answer	Mark
2(d)	Valid points could include: Customs/cultures different - don't know the market conditions Additional costs of transport - increase their prices/reduce profits Purchaser may not pay - increased difficulties in foreign courts Language barriers - increased costs of packaging/different brand name 1 mark per point plus 1 mark for development	(6)

(Total 20 marks)

Question Number	Answer	Mark
3(a)	<p>Mortgage loans for property purchase Provision of savings accounts Personal loans Other property related services e.g. property insurance</p> <p>1 mark per service</p>	(2)

Question Number	Answer	Mark
3(b)	<p>Valid points could include: Building society account is for savings - whilst current account is to make payments- has a cheque book Savings account will pay interest - current account often doesn't pay interest Savings account cannot be overdrawn - current account can have an overdraft facility Current account can be by telephone or internet banking - building society accounts not usually on internet or accessed by telephone - go into branch in person</p> <p>1 mark per point plus up to 2 marks for development</p>	(6)

Question Number	Answer	Mark
3(c)	<p>Valid points could include: Age - the older she is the higher her premium - the risk of a claim is greater - she is not likely to live as long as a young person Life style - if she smokes she is more likely to die earlier - claim sooner and therefore premium is higher Health/Family medical history - poor health will mean she is more likely to claim sooner - she will need a medical Work/hobbies - more dangerous work or hobbies the higher the risk Gender - average life expectancy of a female is more than for a male</p> <p>1 mark per point plus up to 2 marks for development</p>	(6)

Question Number	Answer	Mark
3(d)	<p>Valid points could include:</p> <p>Buy shares - the value of which can increase or decrease - possibly higher returns - company profitable so increased profits - dividends paid - increased value of her shares - money not accessible - need to get agreement of other shareholders to buy/sell shares</p> <p>Involved in the running of the company - voting rights</p> <p>Save her money - easy access - possible lower risk - lower returns</p> <p>1 mark per point plus up to 2 marks for development</p>	(6)

(Total 20 marks)

Question Number	Answer	Mark
4(a)	<p>Own savings, bank loan, friends/family lending him money, hire purchase, overdraft, government grants.</p> <p>1 mark per point</p>	(2)

Question Number	Answer	Mark
4(b)	<p>Valid points could include:</p> <p>(Advantages)</p> <ul style="list-style-type: none"> Few legal regulations - easy to set up Own boss - make all the decisions - no arguments - complete control Freedom - to choose own holidays, hours of work, etc - e.g. Owner keep all the profits - not have to share profits Secrecy over accounts - competitors don't have access to accounts Contact with customers - greater satisfaction <p>(Disadvantages)</p> <ul style="list-style-type: none"> No one with which to discuss decisions - may make wrong decision Unlimited liability - could lose all personal possessions Capital limited - owners finance Cannot afford specialists - lack of expertise - poor decisions/mistakes made Illness of owner - no one to run business Lose personal possessions - bankruptcy Lack of continuity - business dies with owner <p>1 mark per point plus 1 mark for development</p>	(6)

Question Number	Answer	Mark
4(c)	<p>Valid points could include:</p> <ul style="list-style-type: none"> No limit on the number of shareholders - raise more capital Limited liability - only lose capital invested in business Incorporated - own legal identity - company is liable not the owners Memorandum/Articles - clearly set out how the business is to be run Continuity of business - business doesn't end with the death of owner <p>1 mark for each advantage (up to a maximum of 3 marks) plus 1 mark for development</p>	(6)

Question Number	Answer	Mark
4(d)	<p>Valid points could include:</p> <p>Legal formalities will be required to change to plc - expensive - complicated</p> <p>More regulations and controls for plc - publication of accounts - competitors can see accounts</p> <p>Shares could be sold to public - prospectus expensive to issue - commission charges by banks</p> <p>Shares could be sold to public - danger of loss of control - danger of takeover</p> <p>1 mark per point plus up to 2 marks for development</p>	(6)

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