

Mark Scheme (Results)

Summer 2010

GCE

GCE O LEVEL COMMERCE (7100) Paper 1B

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| Question Number | Answer | Mark |
|-----------------|---|------|
| 1a | Trade in goods - sold to other countries 1 mark for each point | (2) |

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|-----------------|---|------|
| 1b | Valid points could include: Provides information on shipping - it is a market place for sea freight transport - Sigma can enquire from different ship owners - how much it will be to transport their products - select best deal - make a contract - BE can also resolve disputes. 1 mark for each point | (6) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1c | Valid points could include: Containers transferred quickly - using cranes No need for unloading - roll-on/roll-off Increased speed through customs - use TIR system Increased safety - sealed containers - less damage Labour costs are lower - less need for labour Cheaper to transport machines - less handling required 1 mark for each point plus 1 mark for development | (6) |

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|-----------------|---|------|
| 1d | Valid points could include: Own lorries more control over deliveries - when goods are sent out Advertising - on the sides of the lorry May be cheaper - haulage businesses profits are absorbed Expensive to own ships - buying and running them Not sufficient transport required - ship would be idle some of time - expensive to stand idle in terms of running costs 1 mark for each point plus up to 2 marks for development | (6) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 2a | An set amount of money borrowed from the bank - paid back usually in instalments - interest is charged at an agreed fixed rate of interest - may be secured by an asset 1 mark per point | (2) |

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|-----------------|--|------|
| 2b | Valid points could include: Net profit margin gone from 10% - to loss Expenses as percentage of turnover increased - 40% to 62.5% - possibly less efficient management of expenses Loss means probably no dividend paid - share price fall - value of shareholdings less Less funds for expansion - may need to borrow - gearing higher OFR applies 1 mark for each point plus up to 2 marks for development | (6) |

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| 2c | Valid points could include: Cost of sales increased - may be due to higher costs of stock/raw materials Expenses increased - may be due to higher e.g. rent Gross profit lower - sales increased but at a slower rate than cost of sales increases. 1 mark for each point plus 1 mark for development | (6) |

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|-----------------|---|------|
| 2d | Valid points could include: Bank loan fixed interest rate - large sum may be borrowed - paid back over long time - but security may be required Issue of more shares is expensive - more shareholders means possible loss of control - needs to pay dividend to more shares - easier to be taken over | |

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| | 1 mark for each point plus up to 2 marks for development | (6) |
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|-----------------|--|------|
| 3a | Also called specialisation - is the specialisation of labour in specific tasks and roles - intended to increase the productivity of labour 1 mark per point | (2) |

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|-----------------|--|------|
| 3b | Valid points could include: Less training required - as labour specialised - only need to be trained to do one job As labour specialised will do job faster - repetition makes labour more efficient - reduces costs of production Increased output of components - more efficient labour - time saved switching jobs - reduced costs Less capital required - each worker only need their own equipment not all items of equipment 1 mark for each point plus up to 2 marks for development | (6) |

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| 3c | Valid points could include: Final customer is different - producer good is for business and consumer good is for ordinary consumers Customer not buying product for its own sake - buying it for what it will contribute to production of product - motives for buying product are different Advertising will be in different places - producer goods will have more direct advertising to business - trade fair - consumer goods may be advertised on TV/newspapers etc Promotional offers will not be effective for producer goods - consumer goods promoted by e.g. bogof offers - to encourage repeat sales/customer loyalty 1 mark for each point plus up to 2 marks for development | (6) |

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| 3d | <p>(i) wholesaler not needed - components sold in large quantities - direct to car manufacturers</p> <p>(ii) wholesaler may be used - as many small car repair garages - they will buy in small quantities</p> <p>1 mark for each judgement plus up to 2 marks for justification (3 + 3)</p> | (6) |

| Question Number | Answer | Mark |
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| 4a | <p>Selling price - minus the cost of components/raw materials purchased by the business</p> <p>1 mark for a point plus 1 mark for development</p> | (2) |

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| 4b | <p>Valid points could include: Telephone order taken and order form completed - furniture manufactured/taken from warehouse - packed with delivery note - transported to furniture shop and delivery note signed - copy of signed delivery note taken back to Woodland plc as proof of delivery - invoice issued and sent to furniture shop - statement sent out at the end of the month - payment made by furniture shop - receipt issued by Woodland plc</p> <p>1 mark for each point/document named in the process</p> | (6) |

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| 4c | <p>Valid points could include: The wrong goods may be sent - goods then</p> | |

| | | |
|--|--|-----|
| | <p>returned to manufacturer - increased transport costs</p> <p>May cause inconvenience to furniture shop - loss of customer - if bad reputation for errors</p> <p>May lose order - furniture shop cancels order - due to delay and customer buys something else</p> <p>Incorrect product manufactured - costs incurred - time wasted</p> <p>1 mark for each point plus up to 2 marks for development</p> | (6) |
|--|--|-----|

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| 4d | <p>Valid points could include:</p> <p>Loss made - example - insurance pools the risks of loss not borne individually - compensated for loss</p> <p>Consequential loss insurance - protects against loss of profits - in event of a fire and not being able to trade</p> <p>Vehicle insurance legally required - prosecuted if not taken out - fined/bad reputation</p> <p>Public liability insurance - protects business if member of public injured - may sue business</p> <p>Employer liability insurance - protects business if employee gets injured - may sue business</p> <p>1 mark for each point/name of insurance plus up to 2 marks for development</p> | (6) |

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