

Cambridge O Level

COMMERCE

7100/22

Paper 2 Written

October/November 2025

MARK SCHEME

Maximum Mark: 80

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **27** printed pages.

PUBLISHED**Generic Marking Principles**

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

PUBLISHED**Social Science-Specific Marking Principles
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require n reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

PUBLISHED**3 Calculation questions:**

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point
	Incorrect point
	Level one / Level two / Level three
	Benefit of the doubt
	Blank page
	Own figure rule
	Not answered question
	Repeat
	Indicates that the point has been noted, but no credit has been given.
	Too vague

Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives**AO1 Knowledge and understanding**

Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application

Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis

Analyse business problems, issues and situations by:

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation

Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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Question	Answer	Marks	Guidance
1(a)(i)	<p>Which method of appeal is shown in Fig. 1.1?</p> <ul style="list-style-type: none"> • Hero worship / celebrity / fame/famous people / idol/idolisation / success/achievement / status / ambition 	1	
1(a)(ii)	<p>State <u>one</u> reason why advertisements often feature international sports stars.</p> <ul style="list-style-type: none"> • Consumers who worship the sports star will want to use/buy the same products • International sports stars have global/worldwide fans/ / large following/follow their hero/attract their fans / they have/attract a large audience / watched by many people • International sports stars seen as people that consumers look up to/seen as heroes/famous / consumers will trust their recommended product 	1	
1(b)	<p>Explain <u>two</u> reasons why companies sponsor sporting events.</p> <ul style="list-style-type: none"> • Enables media coverage (1) e.g. television images/newspaper photos showing company's logo (1) • Brand awareness/brand value (1) reach global / wide audience (1) use of logo displayed/printed on shirts/on billboards/on sports cars (1) so that it will be recognised/identified/known (1) increase sales (1) • Builds brand reputation (1) leading to brand loyalty / customer loyalty (1) • Gain/attract new customers (1) increase profit (1) increased market share (1) • Promote their products (1) enables the product to be sold/sampled at a sports event /store/stall (1) increases income (1) more profit / boost growth (1) 	4	

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Question	Answer	Marks	Guidance
1(b)	<ul style="list-style-type: none"> • Promotes a positive and healthy image of their company (1) by linking it with a popular sports activity (1) increases reputation (1) • To stand out from the competition (1) attempts to create a brand which distinguishes it from others in the market (1) • Can target customers (1) so that it reaches relevant consumers / e.g. energy drinks company sponsoring extreme sports to younger consumers (1) • Customer relations (1) sports sponsorship can open dialogue between companies, showing the sponsor as suitable to do business with (1) • Employee relations (1) sports sponsorship can encourage company pride / loyalty to help attract/retain staff (1) • Community relations (1) sponsorship can show that a company cares about its community / improves public image (1) 		
1(c)	<p>Do you think AZ Motor Racing should use social media to attract sponsorship? Give reasons for your answer.</p> <p>Yes – Can attract large audiences / wide reach/coverage (1) most people have a smartphone (1) e.g. to watch Formula 1 (1) social media can generate leads / find or attract more sponsors (1) can post content for free / low cost / cost effective (1) can use influencers to reach more sponsors (1) which can lead to viral marketing from motor racing fans (1) can use multiple platforms (1) use of posts/likes/comments/feedback (1) can target people (1) allowing brand awareness/recognition (1) reputation (1) making it faster / information spreads fast (1) than other methods, such as newspaper (1) can drive traffic to their website (1) 24/7 (1) use of videos/movement (1)</p>	3	

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Question	Answer	Marks	Guidance
1(c)	No – Receiving negative feedback (1) having negative feedback can be shared with other social media users hindering a business from generating leads (1) lack of trust (1) bad reputation (1) speeding up a campaign needs more social media adverts (1) which may require an influencer (1) which increases costs (1) time consuming (1) need to constantly update contact / engage with audience (1) hard to measure results (1) may have low following (1) it can be difficult to know how social media affects sales (1)		
1(d)	<p>Circle the correct answer to complete each of the following sentences.</p> <p>A racing car mechanic is an occupation in secondary production.</p> <p>Digital billboards are used around motor racing tracks to advertise sponsors.</p>	2	
1(e)	<p>Evaluate <u>two other</u> factors that AZ Motor Racing needs to consider when transporting its cars to international motorsport events. Give reasons for your answer.</p> <p>Motor racing cars need special handling and can be transported by different methods to other countries. For example, racing teams if the motorsport event is in the same continent can transport their cars by road transport using trucks. If the race is not held in the same continent, the racing team usually groups the different components of the car into two categories, critical components e.g. chassis, and non-critical components e.g. tools. Critical components would usually be shipped by air, while non-critical components would be sent via the sea.</p>	6	<p>Up to 2 marks for describing transport factors</p> <p>Up to a further 2 marks for analysing two transport factors when transporting racing cars to international motorsport events</p> <p>Up to a final 2 marks for evaluating two transport factors when transporting racing cars to international motorsport events</p>

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Question	Answer	Marks	Guidance
1(e)	<p>Factors:</p> <ul style="list-style-type: none"> • Speed/time– air transport is the quickest form of transport so the equipment can arrive in good time for sports teams to prepare for an event • Distance/duration – air and sea transport can deliver the equipment to any country where it is required / might be too far to use road transport • Cost/budget – air transport is expensive although costs are decreasing owing to competition between airlines. Sea or road transport are cheaper if the racing team want to reduce costs or have a limited budget • Urgency – if the racing equipment is needed for an upcoming racing event • Security/safety– there will be greater supervision of the equipment when using air or road transport leading to less theft / damage • Reliability of carrier – as the equipment is going to be moved on a regular basis, it is important that the carrier has a good record for getting the equipment to the right place at the right time • Quantity/bulk of equipment – if the equipment, such as racing wheel parts, is in small quantities, it is suitable to be carried by air as there will not be a problem with capacity. Otherwise, if a racing team has a large number of components to be carried, sea or road is preferred • Weight of equipment – some airplanes have weight restrictions so restricting some equipment loads • Value of equipment – needs to have enough insurance, to cover losses in transit • Location of event – if the event is in a country with mountainous areas, then air transport will be more suitable 		

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Question	Answer	Marks	Guidance
1(e)	<ul style="list-style-type: none"> Environment – air transport pollutes the most of all transport so the sports team will have to decide how ethical it wants to be / might consider using rail transport <p>Evaluation: Motor racing teams will have to consider all factors before choosing their method of transport. Although most businesses would want to choose cost as the most important factor, motor racing team equipment usually needs to arrive at its destination before the event takes place, and cannot be late, so speed is the most important factor for a motor racing team.</p>		

Question	Answer	Marks	Guidance
2(a)	<p>State <u>two</u> features of a business partnership, apart from sharing of profits.</p> <ul style="list-style-type: none"> Two or more owners / 2 to 20 owners/partners Private sector Partners control/responsible for the partnership / shared responsibilities/management / shared tasks/workload Shared decision-making / thoughts on decisions Shared skills / expertise Share losses / share risks Unlimited liability Not a legal entity/identity / unincorporated May have / governed by a deed of partnership/partnership agreement Capital contributed by each partner / sharing of capital/costs / share resources Ease of setting up / no legal formalities 	2	

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Question	Answer	Marks	Guidance
2(a)	<ul style="list-style-type: none"> • No publication of accounts / secrecy • Lack of continuity • Can have a limited partnership 		
2(b)	<p>Celine invested twice as much capital in the partnership as Lee. The profits for last year were \$195 000.</p> <p>Calculate how much profit Celine received. Show your working.</p> <p>Correct answer = \$130 000 (2) Method = \$195 000 divided by 3 = \$65 000 × 2 (1)</p>	2	
2(c)	<p>Do you think window displays are an effective method of advertising? Give reasons for your answer.</p> <p>Yes – Noticed/attracts customers passing by (1) who can find information of salon's products / special offers (1) informative advertising (1) gives opportunities for attractive designs / use of colour (1) such as wigs / hairstyles (1) eye-catching (1) persuasive advertising (1) may tempt consumers to go into/visit the salon / try/buy their services (1) an effective display may provide a positive impression (1) an inexpensive display can attract the eye of potential new customers if it is effective (1) cost effective / low cost (1) display can be changed quickly (1)</p>	3	

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Question	Answer	Marks	Guidance
2(c)	No – Can be easily ignored / overlooked / receive no attention (1) limited only to those who physically pass the store (1) will not remember what they saw (1) only limited items can be displayed (1) not able to show the variety of hairdressing services offered or example (1) can look untidy/unprofessional (1) need to be kept updated (1) display needs to be kept clean (1) need to keep salon glass clean (1) better to use social media or example of any other suitable method (must be supported by a reason to obtain the mark (1)		
2(d)	<p>While using a faulty hairdryer, Lee accidentally burnt a customer's head.</p> <p>State <u>three</u> actions that the customer could take.</p> <ul style="list-style-type: none"> • Go to the salon/telephone salon to discuss complaint/see Celine • Complain to Lee / ask to see Celine / make a complaint • Refuse to pay • Customer should ask to for/seek medical advice/obtain a medical report on the burn/go to hospital • Take photographs of head/get evidence/find a witness • Ask another member of staff to repeat the procedure • Follow up complaint in writing • Ask for refund • Ask for compensation/payment for medical bills • Claim on own insurance / insurance from partners • Contact solicitor / start legal action/sue if necessary / file a case • Do nothing • Do not visit the salon in future • Tell family/friends not to visit/about what happened • Write a bad review on social media/local newspaper 	3	

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Question	Answer	Marks	Guidance																	
2(d)	<ul style="list-style-type: none"> Report to a consumer protection agency Complain to the local authority/council 																			
2(e)	<p>Celine and Lee want to expand their business by offering skincare services. This will involve the purchase of new expensive equipment. They are considering two options for buying the equipment:</p> <p>Option 1: own savings Option 2: hire purchase.</p> <p>Discuss each of these two options. Which option would you recommend? Give reasons for your answer.</p> <p>Own savings come from capital provided by the owners is a method of internal finance. Hire purchase is a form of credit and a method of external finance where the buyer hires the goods. The buyer usually makes a deposit/down payment and pays in monthly instalments but does not own the goods until the last payment.</p> <p>Option 1: Own savings</p> <ul style="list-style-type: none"> It is easy to use as the partners will not have to spend time trying to secure other sources of finance They will be able to buy the equipment immediately They will be able to save the interest that would be charged if they took out hire purchase If they use their own money, they will be limited to what equipment they can afford which might mean they buy lower quality equipment After using their savings, they might not have enough money left for running the partnership 	8	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="1279 320 1391 386">Level</th> <th data-bbox="1391 320 1503 386">Mark</th> <th data-bbox="1503 320 2063 386">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="1279 386 1391 587" style="text-align: center;">3</td> <td data-bbox="1391 386 1503 587" style="text-align: center;">7–8</td> <td data-bbox="1503 386 2063 587">The candidate is able to offer a thorough evaluation, with recommendation, of whether Celine and Lee should be using option 1 or option 2 to purchase new machinery</td> </tr> <tr> <td data-bbox="1279 587 1391 788" style="text-align: center;">2</td> <td data-bbox="1391 587 1503 788" style="text-align: center;">5–6</td> <td data-bbox="1503 587 2063 788">Candidate offers a satisfactory analysis of the advantages and/or disadvantages of using option 1 and/or option 2 to purchase new machinery without recommendation</td> </tr> <tr> <td data-bbox="1279 788 1391 989" style="text-align: center;">1</td> <td data-bbox="1391 788 1503 989" style="text-align: center;">1–4</td> <td data-bbox="1503 788 2063 989">Candidate demonstrates some knowledge and understanding, with application to Celine and Lee using option 1 or option 2 to purchase new machinery</td> </tr> <tr> <td data-bbox="1279 989 1391 1054" style="text-align: center;">0</td> <td data-bbox="1391 989 1503 1054" style="text-align: center;">0</td> <td data-bbox="1503 989 2063 1054">No creditable response</td> </tr> </tbody> </table>			Level	Mark	Description	3	7–8	The candidate is able to offer a thorough evaluation, with recommendation, of whether Celine and Lee should be using option 1 or option 2 to purchase new machinery	2	5–6	Candidate offers a satisfactory analysis of the advantages and/or disadvantages of using option 1 and/or option 2 to purchase new machinery without recommendation	1	1–4	Candidate demonstrates some knowledge and understanding, with application to Celine and Lee using option 1 or option 2 to purchase new machinery	0	0	No creditable response
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Question	Answer	Marks	Guidance
2(e)	<ul style="list-style-type: none"> • The business might fail which means that, with unlimited liability, they would lose all their own savings • There is the opportunity cost of putting their own savings into buying equipment rather than a more profitable activity. <p>Option 2: Hire purchase</p> <ul style="list-style-type: none"> • They can use the equipment before paying for it in full, so could start receiving income by offering these new services • Able to spread payments over e.g., three years, enables the partners to budget and save for other things / assists their cash flow • Able to focus on other aspects of their business at the same time • Hire purchase helps a business's cash flow by avoiding a large upfront deposit for an expensive asset. This frees up working capital. • Sellers sometimes add servicing packages or accessories into the HP deal • Expensive equipment, with high resale values, can have low monthly payments because they will be worth more at the end of the term • They will not own the equipment until they pay the last instalment • The equipment can be repossessed if they do not keep up with payments • Total cost is higher than paying cash from own savings because of interest to be paid • They cannot sell the equipment until final payment is made. 		

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Question	Answer	Marks	Guidance
2(e)	<p>Evaluation: Own savings is the faster and easier option to secure funding to buy the new equipment. However, we are not told how much the equipment is going to cost or more importantly whether the partners have sufficient personal savings to afford it. Yes, paying by cash would be the cheaper option for the partners if they have enough savings in the bank. If the equipment is expensive, I recommend that it would be better to spread the payments through hire purchase and, at the same time, have the protection of being less exposed to risk if anything goes wrong with the equipment and it needs repair.</p>		

Question	Answer	Marks	Guidance
3(a)(i)	<p>Identify <u>one</u> trend in Fig. 3.1.</p> <ul style="list-style-type: none"> • Increase in imports / higher imports / more imports • Increase in exports / higher exports / more exports • Increase in both imports and exports • Imports are greater than exports • Both years have a trade deficit 	1	
3(a)(ii)	<p>Calculate the Balance of Payments for 2023. Show your working.</p> <p>Correct answer = - \$13.19 Bn / \$13.19 deficit (2) Method = \$52.46 Bn - \$65.65 Bn (1)</p>	2	

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Question	Answer	Marks	Guidance
3(b)	<p>Do you agree that exports are more important to a country than imports? Give reasons for your answer.</p> <p>Yes – exports provide income to a country (1) increasing its gross domestic product/national income (1) strong currency (1) helping to develop/increase/improve/boost the economy / economic growth (1) helping local industries/business / to expand (1) improving infrastructure or example (1) improving the standard of living (1) helps to develop the economy with more jobs (1) less unemployed (1) bring foreign currency into the country / cash inflow / more income/revenue (1) leading to positive balance of payments / avoids balance of trade/payments deficit / maintains balance between exports and imports (1)</p> <p>No – imports are essential for a country's economy (1) helps/boosts local businesses (1) to innovate / compete (1) provides goods that cannot be produced in own country (1) due to climate / lack of raw materials (1) imports may be cheaper / competitive prices (1) of better quality (1) provides new/variety of goods (1) more choice for consumers (1) without them people would have lower living standards / improves living standards (1) benefits of comparative advantage (1) example (1) allowing for international specialisation (1) increases friendship between countries (1) less chance of wars (1)</p>	3	

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Question	Answer	Marks	Guidance
3(c)	<p>Describe the role of export merchants in international trade.</p> <p>Export merchants are intermediaries/middleman in international trade (1) they act principals (1) they buy the goods for themselves in their own country (1) they own the goods (1) look for buyers in other countries (1) storing goods/managing logistics/delivery/transport/shipping/customs clearance/documentation/paperwork (1) sell the goods / sell to other countries (1) in their own name (1) and make profits (1).</p>	2	
3(d)	<p>Evaluate the importance of rapid communication in international trade.</p> <p>In the past, businesses communicating internationally had to rely on slow and unreliable methods such as telegraph or postal mail. Today, however, with the advent of email, video conferencing, social media and mobile apps, companies can communicate instantly with their counterparts around the world. Communication is the sending and receiving of a message. In commerce, companies communicate with each other to order goods, discuss exports, to exchange ideas, discuss delays and negotiate prices. There may be language barriers that hinder trade.</p> <ul style="list-style-type: none"> • Enables buying and selling to happen more efficiently so that global deals are made more quickly • Enables businesses to react quickly to changing market conditions /resolve issues • Enables documents to be speedily written and transmitted so that contracts can be completed • Many businesses rely on speedy delivery of supplies to carry out production in supply chains 	6	<p>Up to 2 marks for describing rapid communication in international trade.</p> <p>Up to a further 2 marks for analysing the importance of rapid communication in international trade.</p> <p>Up to a final 2 marks for evaluating the importance of rapid communication in international trade.</p>

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Question	Answer	Marks	Guidance
3(d)	<ul style="list-style-type: none"> • Enables information about goods/services to be readily available, e.g. via websites, so international traders can easily see what is available in real time • Rapid communication quickly opens up new markets making it easier to connect with new customers • Advances in communication technology, e.g. smartphones and video conferencing, allow customers to talk/see each other /discuss their products/orders/report faults/deliveries instantly, without wasting time and money travelling <p>Evaluation: Overall, rapid communication acts as the connecting link of global commerce ensuring the smooth and efficient movement of goods and services across borders. So, it is very important as it has increased the speed of commercial activities across global markets. It has allowed businesses and consumers to carry out transactions more efficiently.</p>		

Question	Answer	Marks	Guidance
4(a)	<p>State <u>two</u> features of a shopping centre.</p> <ul style="list-style-type: none"> • Range of shops/many shops/one-stop shopping • Range of goods/brands • Large building/premises/ large area • Several floors/floors • Lifts/escalators • Information desks/customer service • Food courts/restaurants • Restrooms • Play areas/entertainment/cinema • Car parking 	2	

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Question	Answer	Marks	Guidance
4(a)	<ul style="list-style-type: none"> • Security / security guards / CCTV • Cash dispensers/ATMs • Petrol station • Phone booths • Air conditioning • Long opening hours 		
4(b)	<p>Explain <u>two</u> reasons for the growth of shopping centres.</p> <ul style="list-style-type: none"> • Enables one-stop shopping / buy all goods in one place / can obtain all goods under one roof (1) convenient to customers having numerous stores in one place / saves fuel cost / saves time travelling (1) • Different types of brands / variety of goods (1) give customers greater choice / to choose from / easy to choose (1) • Car ownership (1) they provide free / large car parks (1) saves time / more convenience for customers (1) • They are often located out of town (1) making them accessible by car / where land is cheaper (1) • They have many facilities / recreational space / leisure (1) such as cinema / bowling / dining options / spend quality time with family (1) • Pleasant / well-designed surroundings / safe and secure / air-conditioned (1) more comfortable to shop there (1) • More cost-effective for retailers (1) as lower rents than town centres (1) • Large area of land (1) giving greater storage / delivery access (1) 	4	

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Question	Answer	Marks	Guidance
4(c)(i)	<p>Explain <u>one</u> reason why independent small-scale retailers:</p> <p>Place a mark-up on their cost prices.</p> <ul style="list-style-type: none"> • To cover their costs (1) in order to make a profit / prevent loss (1) • To raise/increase the cost price (1) in order to make a profit / increase their profit / prevent loss (1) 	2	
4(c)(ii)	<p>Offer informal credit to their customers.</p> <ul style="list-style-type: none"> • To build customer loyalty / build relations (1) as customers more likely to shop there / increase repeat sales (1) • As it is given to known / regular customers, less likely to lose money / pay the shop back / decreases chances of bad debts (1) it can increase sales / attract customers (1) • Can gain competitive advantage (1) over other stores not offering informal credit (1) 	2	
4(d)	<p>Evaluate <u>two</u> ways that wholesalers help to ensure the survival of independent small-scale retailers. Give reasons for your answer.</p> <p>Wholesalers are people who buy large quantities from manufacturers/suppliers and sell small quantities to retailers. Many independent small-scale retailers are losing market share to large-scale retailers and closing their stores.</p> <ul style="list-style-type: none"> • Wholesalers are willing to sell in small quantities as they buy in bulk from manufacturers / independent small-scale retailers would only be able to obtain bulk orders from a manufacturer and could not afford such a large capital outlay 	6	<p>Up to 2 marks for describing wholesalers/independent small-scale retailers' survival of independent small-scale retailers</p> <p>Up to a further 2 marks for analysing two ways that wholesalers help to ensure the survival of independent small-scale retailers</p> <p>Up to a final 2 marks for evaluating two ways that wholesalers help to ensure the survival of independent small-scale retailers</p>

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Question	Answer	Marks	Guidance
4(d)	<ul style="list-style-type: none"> • Provides credit thereby reducing small-scale retailers' capital requirements/helps cash flow / gives the opportunity for the goods to be sold before the small-scale retailer has to pay for them Provides delivery / logistics so there is no need for retailer to have vehicle to collect, saving money Wholesalers can provide warehousing which saves small-scale retailers the costs / risks of holding stock • Carries out processing e.g. labelling / packing / bottling / grading in the wholesaler's warehouse where the small-scale retailer can obtain stock when needed, eliminating the need for them to have their own warehouse • Variety of goods offered thus saving the independent retailers time in having to deal with each manufacturer individually / can easily diversity their product range to meet changing customer demands / able to compete against large-scale retailers • Wholesalers can supply small-scale retailers with market trends / consumer feedback which helps them make better decisions e.g. products, prices • Offer discounted rates/ trade discount/cash discount which enables small-scale retailers to sell and competitive prices and make reasonable profit • Use of voluntary chains where goods are ordered in bulk by chain securing discounts thereby lowering costs / enabling the retailers to compete by selling at cheaper prices. Members can benefit from advice inventory management or store layout to increase sales • Use of cash and carry where there is no credit or transport facilities given so prices are cheaper / the retailers can obtain goods at any time from the warehouse. 		

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Question	Answer	Marks	Guidance
4(d)	<p>Evaluation: In conclusion, wholesalers help ensure the survival of independent small-scale retailers in a number of ways. By offering branded goods at low prices, small-scale retailers can compete with large-scale retailers by selling quality goods at competitive prices.</p>		

Question	Answer	Marks	Guidance
5(a)(i)	<p>State <u>two</u> purposes of insurance.</p> <ul style="list-style-type: none"> • Risk reduction / reduce losses • Compensation / pay for damage / repair damage • Financial protection/cover / protection • Business confidence • Legal requirement e.g. motor insurance • Investment 	2	
5(a)(ii)	<p>Calculate the profit to the insurance company, before administrative costs, from the pooling of risk shown in Fig. 5.1. Show your working.</p> <p>Correct answer = \$50 000 (2) Method = $(1000 \times \\$300) = \\$300\,000 - (10 \times \\$25\,000) = \\$250\,000$ (1) OR Method = $300\,000 - 250\,000$ (1) OR Method = $(1000 \times \\$300) - (10 \times \\$25\,000)$ (1)</p>	2	

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Question	Answer	Marks	Guidance														
5(b)	<p>Which of these statements about warehouses are true and which are false?</p> <p>Tick (✓) TRUE or FALSE in the correct column.</p> <table border="1" data-bbox="338 384 1122 751"> <thead> <tr> <th></th> <th>TRUE</th> <th>FALSE</th> </tr> </thead> <tbody> <tr> <td>Businesses can manufacture goods in bonded warehouses.</td> <td></td> <td>✓</td> </tr> <tr> <td>Cold storage warehouses store perishable items.</td> <td>✓</td> <td></td> </tr> <tr> <td>Robots in warehouses reduce errors in the supply chain.</td> <td>✓</td> <td></td> </tr> </tbody> </table>		TRUE	FALSE	Businesses can manufacture goods in bonded warehouses.		✓	Cold storage warehouses store perishable items.	✓		Robots in warehouses reduce errors in the supply chain.	✓		3			
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Robots in warehouses reduce errors in the supply chain.	✓																
5(c)	<p>Insurance companies could accept cheques or direct debits to collect premiums. Recommend which method of payment is more suitable for collecting premiums. Justify why you have selected this payment method and rejected the other.</p> <p>Cheque is a bank (drawee) order, and cheques can be crossed for security purposes to pay the person named (payee) on the cheque for a sum of money. The cheque is signed by the person wishing to make the payment. The cheque will be paid into the insurance company's bank account. However, cheques can be dishonoured.</p> <p>Direct debit is a bank service that enables recurring regular or irregular payments at regular / irregular times to be paid from a bank account when requested by the creditor. Gives insurance company the ability to take a sum of money and debit the customer's account as authorised by customer.</p>	8	<table border="1" data-bbox="1276 783 2063 1254"> <thead> <tr> <th>Level</th> <th>Mark</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>7–8</td> <td>The candidate is able to offer a thorough evaluation, with recommendation, of whether insurance companies should be using cheques or direct debits to collect premiums.</td> </tr> <tr> <td>2</td> <td>5–6</td> <td>Candidate offers a satisfactory analysis of the advantages and/or disadvantages of using a cheque and/or direct debit to collect premiums without recommendation</td> </tr> </tbody> </table>			Level	Mark	Description	3	7–8	The candidate is able to offer a thorough evaluation, with recommendation, of whether insurance companies should be using cheques or direct debits to collect premiums.	2	5–6	Candidate offers a satisfactory analysis of the advantages and/or disadvantages of using a cheque and/or direct debit to collect premiums without recommendation			
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5(c)	<p>Cheque:</p> <ul style="list-style-type: none"> • Flexible method of payment because different amounts can be paid if premiums change • They provide proof of payment because the transaction is recorded on bank statement • Lower processing fees compared to accepting payment by credit card • Some people e.g. older customers prefer to pay by cheque and not use electronic payment methods • Using cheques make insurance companies accessible to all customers, including those without internet access • Cheques are not legal tender and do not have to be accepted for payment • The cheque may be dishonoured so cheque might be refused for payment It may take days for the cheque to arrive in the post/be cleared so that lead to a delay for the insurance company in receiving the premium or the customer having insurance cover • If cheque is not accurately completed / signed and therefore will be dishonoured and will delay payment of premium. <p>Direct debit:</p> <ul style="list-style-type: none"> • Guaranteed income for insurance company because they automatically collect premium payments • The insurance company does not have to rely on customer's punctuality of payment leading to better cash flow • Reduces bad debts as immediate payment compared to paying by cheque • Lower costs e.g. no invoicing / chasing late payments compared to collecting premiums by cheques • Reduction of manual / administration tasks in processing cheques such as taking cheques to the bank for depositing which wastes time and incurs costs 		<table border="1"> <thead> <tr> <th data-bbox="1279 215 1384 279">Level</th> <th data-bbox="1384 215 1503 279">Mark</th> <th data-bbox="1503 215 2063 279">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="1279 279 1384 483">1</td> <td data-bbox="1384 279 1503 483">1–4</td> <td data-bbox="1503 279 2063 483">Candidate demonstrates some knowledge and understanding, with application to insurance companies of using cheques or direct debits to collect premiums.</td> </tr> <tr> <td data-bbox="1279 483 1384 547">0</td> <td data-bbox="1384 483 1503 547">0</td> <td data-bbox="1503 483 2063 547">No creditable response</td> </tr> </tbody> </table>			Level	Mark	Description	1	1–4	Candidate demonstrates some knowledge and understanding, with application to insurance companies of using cheques or direct debits to collect premiums.	0	0	No creditable response
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5(c)	<ul style="list-style-type: none"> • Reduction in sending reminders which saves administration costs • Flexible/timesaving with variable amounts as no need for customer to set up a new payment every time • Convenient for customers because they do not have to remember to make cheque payments each month • Reduces the risk to customer of missing payments leading to penalties • The customer might not have sufficient funds in their account leading to non-payment which disrupts the relationship between the insured and the insurer. <p>Evaluation: Not all customers may have access to the internet, so they may only be able to pay by cheque. Despite the continued acceptance of cheques, insurance companies are increasingly moving towards digital payments. Therefore, in conclusion I recommend that direct debit is the more efficient method of payment for the insurance company to accept premiums as they can take a series of payments without the need for separate authorisations, making it more efficient than one cheque payment.</p>		