

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**

Cambridge Ordinary Level

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## **MARK SCHEME for the May/June 2015 series**

### **7100 COMMERCE**

**7100/22**

Paper 2 (Written), maximum raw mark 80

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**1 (a) Level 2 (4–6 marks)**

**Has discussed whether or not Pashbury is concerned with Commerce and has given a reasoned opinion.**

Commerce may be defined as trade and aids to trade. As regards trade, Pashbury has a range of shops, so it must be involved in the retail trade. There is warehousing in the industrial area and this implies that there might be a wholesaler there, again part of trade. The warehousing, however, might be purely a storage facility for a manufacturer but wholesaling functions such as breaking bulk and packaging will be performed there. There is no indication that Pashbury is involved in any kind of foreign trade.

As regards aids to trade or commercial services, Pashbury has a bank so financial services are offered to residents. It has a post office so some communication services are offered. There will be roads because there is a bus service but no railway. Some transport services operate in the town but not a full range. The shops are likely to advertise, probably locally and storage is provided in the warehousing. Businesses and many private householders are likely to be insured so the residents are making use of insurance services.

It can, therefore, be shown that Pashbury is concerned with Commerce. Some commercial services such as banking services are definitely there. People living there make use of trade and other commercial services.

**Level 1 (1–3 marks)**

**Has commented on Pashbury in relation to Commerce with/without an opinion.**

Commerce consists of trade and aids to trade. Pashbury has some trade. It has a range of shops. Pashbury has a bank and a post office and roads for a bus service. It has commercial services such as finance and transport. It is concerned with Commerce.

A straight list is usually Level 1

A one-sided argument can be Level 2 but only 4 [6]

**(b) (i) Any two points × 1 mark each and 1 mark for an example**

- the creation of utility
- the provision of goods and/or services to satisfy needs and wants
- such as primary production, secondary production, tertiary production
- raw materials into finished goods
- examples such as cotton goods manufacturer or car industry

any other relevant point [3]

**(ii) Any example of a warehouse × 1 mark – general, cash and carry, cold storage, regional distribution centre, wholesaler’s warehouse, manufacturer’s warehouse, food warehouse description of warehouse.**

**N.B.** 0 marks for bonded warehouse [1]

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(c) (i) Any two points × 1 mark each and 2 marks for a well-developed point

an agreement made between a well-known company (franchisor) and individuals (franchisee) to sell a product or service in a particular area

(ii) Any two advantages explained × 2 marks each

provides access to a ready-made market with a well-known product/service  
 assistance from the parent company especially at the start of the franchise  
 reduces risk of failure as the parent company will not wish to franchise to fail  
 some of the initial costs are paid for by the parent company e.g. advertising  
 supplies provided by the parent company so the franchisee does not have to look for suppliers

assistance such as set up costs of a site/training offered by franchisor  
 advice and support in operating the franchise

may be easier to obtain finance from a bank than being a sole trader

less need for advertising as parent well known and may provide corporate advertising

any other relevant point

**N.B.** If the restaurant is a franchisor then zero

[4]

(iii) Any two reasons explained × 2 marks or 4 points × 1 mark each

to provide a record of the transactions between a buyer and seller e.g. statement

to enable trade to be conducted on credit so that payment is made monthly

to enquire about goods and terms of trade from many suppliers

to compare prices and terms using quotations from several suppliers

to check transactions so that mistakes can be avoided

for accounting purposes – to calculate sales/profit

to provide proof of ownership – invoices

to provide proof of payment e.g. receipt

to calculate tax – sales documents

catalogue or pricelist

any other relevant reason

**N.B.** a candidate may name a document and describe its purpose – please allow this [4]

2 (a) Any three points × 1 mark each or one well developed point × 2 marks

it enables the brand to be put on the product with particular brands regarded as more expensive than others

it makes the product look more expensive than it is – coloured box/purple/gold wrapping

it makes the product seem bigger than it is and so more money can be charged

it makes the product recognisable and so attracts the attention of buyers

it keeps it fresher for longer

any other relevant point

[3]

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(b) Any four points × 1 mark each and up to 2 marks for a well-developed point including examples

- enables Drools Ltd to communicate with many parts of the world using email
- enables Drools Ltd to advertise using the Internet which can be seen by customers worldwide
- enables orders to be placed efficiently and accurately using email, online
- enables printed catalogues to be sent to potential buyers so that orders can be placed
- enables complaints to be dealt with quickly and efficiently
- enables new products to be displayed to a wide market
- enables Drools Ltd to expand its market
- enables delivery dates to be checked

- allow advertising
- allow comments on web sales direct to final consumer

any other relevant point

[4]

(c) (i) Any four reasons × 1 mark each and up to 2 marks for a well-developed point

- so that it targets a wide market
- the chocolates have a wide market
- the three advertising media are all examples of mass media
- all three media are likely to be successful
- they all show visual images
- the advertisements can all be shown in colour
- details about the chocolates can be given in magazine and newspaper advertising
- Drools Ltd is likely to be able to afford these media
- comments on socio-economic groups

any other relevant point

**N.B.** allow an alternative approach – consideration of each individual medium × 1 mark each

[4]

(ii) Any one advertising device in context × 1 mark – luxury, wealth, affluence, nostalgia, romance, status, colour, love, food.

any other appropriate device

[1]

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- (d) (i) current assets – current liabilities = 2 marks  
capital used for the day to day running of the business + example = 2 marks

**(ii) Level 2 (4–6 marks)**

**Has discussed each option and recommended, with reasons, a suitable course of action.**

**(If a candidate has not discussed all the options/given no recommendation – 4 marks max)**

Drools should consider some of these options.

If it asks customers to pay as soon as possible, this will increase its cash and so increase its current assets. It will probably have to offer some incentives to persuade customers to do this such as cash discount and so its cash receipts will not be as great. Some customers may be unable to take advantage of any cash discount offered.

The question implies that Drools Ltd already has an overdraft which is a current liability. If it asks the bank to increase its overdraft, the bank may refuse. The overdraft will give flexible cash but will also increase the cost of credit.

It may be possible to negotiate longer periods of trade credit with suppliers. It will depend on how long Drools Ltd already has and its creditworthiness. If it is able to do this, it will be able to postpone paying its creditors until it receives payments from debtors to fund its bills.

I would recommend trying to get customers to pay more quickly and at the same time, trying to extend the period of trade credit with suppliers.

**Level 1 (1–3 marks)**

**Has commented on one or more of the options with/without a recommendation.**

Drools Ltd should ask its customers to pay more quickly. They may refuse. It should ask its suppliers if it can pay later. This would help Drools Ltd. It should not borrow money. It will have to pay interest.

**N.B.** If candidate states that options do not improve the working capital with reasons – Level 2 response – reasons are that options only move assets and liabilities within the working capital total.

**[6]**

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3 (a)  $\$200 \times \frac{25}{100} = \$50$  (1 mark)  
\$200 – \$50 (1 mark) = \$150  
OFR applies. If the correct answer is given without working, award full marks. (1 mark)

(b) Any four points × 1 mark each and up to 2 marks for a well-developed point

some retailers want to dispose of old stock to make room for new stock  
some retailers sell fashion goods that may go out of fashion quickly e.g. clothing  
some retailers may sell goods that deteriorate quickly e.g. food  
some retailers may be short of cash and this may enable them to increase cash flow  
some retailers may want to increase their trade so reducing prices will encourage sales  
it is traditional for retailers to hold twice yearly sales  
to dispose of slow selling lines and so get back some of the purchase price  
because they are closing down and want to dispose of stock

some retailers stock goods that hold their value e.g. jewellers  
some retailers sell goods where there is little change as regards style/type of goods sold  
some retailers sell goods that are in constant demand e.g. sweets, newspapers  
some retailers may use sales promotions instead  
some retailers lose revenue and cannot afford to  
some retailers have good turnover with small profit margin

any other relevant point [4]

(c) (i) **costs – anything incurred or paid for in production/supply of goods/services** (1 mark)  
**price – the amount of money charged when goods are bought/sold** (1 mark)  
any other relevant point (0 marks for examples) [2]

(ii) **Level 2 (4–6 marks)**

**Has assessed the impact of the growth of supermarket chains on other types of large-scale retailers with sound reasoning.**

In many countries there are many types of large-scale retailers such as department stores, supermarkets, hypermarkets, multiple chain stores and variety chain stores. Many new supermarkets have opened to sell produce to local communities. Although the main products offered are food and household products, these supermarkets are now offering a wide range of goods such as electrical goods, household appliances and clothing. They have huge buying power and so can take advantage of economies of scale and get goods at heavily discounted prices passing on lower prices to the consumer. They cater for shoppers who want to obtain all their goods in one place and so save time.

This development has brought them into competition with multiple chain stores selling clothing or electrical appliances who have sometimes found that they need to concentrate on their larger branches and have closed small branches in many smaller towns.

The development of online retailing has also had an effect on large-scale retailing. All type of large-scale retailer have developed shopping websites. Otherwise they would be

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left behind. Many people now prefer to shop online rather than visit shops. Large retailers must cater for this trend which may reduce the cost of and need for a physical presence in town centres.

Large-scale retailers who offer a different shopping experience may survive but only if they diversify. This would apply to department stores. Shops who offer a small range of a large number of products i.e. variety chain stores have often experienced difficulty although there is considerable demand for low priced goods with other retailers satisfying this demand.

The growth of supermarket chains has certainly had an effect on other types of large-scale retailing and often reduced the range of shops available to consumers in shopping areas.

**Level 1 (1–3 marks)**

**Has commented on the growth of supermarket chains in relation to other types of large-scale retailers.**

There are several kinds of large-scale retailers. There are supermarkets and hypermarkets. There are department stores and multiple chain stores. There is a lot of competition between retailers. Supermarket chains have opened new stores. Some chain stores have closed. Others have expanded some of their stores. Do not give credit where small scale retailers have been analysed **[6]**

**(d) (i)** Any four reasons × 1 mark each and up to 2 marks for a well-developed point.

- they want to expand their markets and cater for new groups of customers
- their competitors are offering this service and so they need to compete
- they may save on set up costs for new stores which may not be successful
- they can show details of the goods offered e.g. colour/sizes
- they can offer a shopping service 24/7
- they can locate the warehouse to service online shopping in a low cost area
- they save the costs of high rents, labour costs for sales assistants

any other relevant point **[4]**

**(ii)** Any one cost × 1 mark – set up costs of creating the website, costs of maintaining the website, increasing charges for web address to come early on list, fees for search engine, transportation / delivery costs, cost of returned goods

any other relevant point **[1]**

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- 4 (a) Two clear definitions – 1 mark each and one relevant example of visible and invisible items – 1 mark each
- visible items are items which are tangible/can be touched or seen/primary or secondary production – 1 mark; such as wheat, cars, clothing, oil – 1 mark  
invisible items are intangible/cannot be touched or seen/tertiary production/services – 1 mark; such as tourism, banking, transport – 1 mark [4]
- (b) (i) One mark for reduction in the Balance of Payments [1]
- (ii) Any means of payment × 1 mark and 2 marks for description
- electronic transfer ( if uses term ‘credit transfer 2/3’) – fast, computerised transfer of funds between banks in different countries, exchange rates operate automatically  
bills of exchange – IOUs in which the importer promises to pay the debt at a fixed future date, can be discounted, serves as a guarantee to the exporter  
letters of credit – letters of undertaking issued by the importer’s bank and sent by the importer to the exporter to guarantee payment on production of certain documents such as the bill of lading  
bank draft/banker’s cheque – used when the buyer and seller are not known to each other, regarded as safe as the drawer is the bank itself
- any other relevant means of payment [3]
- (iii) Any two insurance risks relating to the consignment of machinery × 1 mark each -
- goods in transit, fire, aviation insurance, marine insurance, export credit guarantee, damage, marine insurance, theft
- any other relevant risk
- N.B.** do not accept general business risks or machine breakdown [2]



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**(iv) Level 2 (4–6 marks)**

**Has discussed both using air freight and container ship and has given a reasonable recommendation.**

**(If a candidate has discussed only one option award 4 marks max)**

The American company could use both means of transport. This implies that the machinery is not too bulky and not too heavy. The choice of transport will therefore depend on other factors. The degree of urgency may be a deciding factor. If the machinery is needed quickly air freight would be the preferred option. Air freight is likely to be more expensive than using a container ship. The machinery is quite expensive so this expense could possibly be justified. Special care would need to be taken if the machinery is fragile and easily damaged. Careful packing would be necessary. It is often claimed that air freight would be more suitable for this type of cargo but there is no reason why fragile goods should not be sent by container ship.

The machine could be sent by container ship but it is unlikely to fill a whole container and so may have to wait until other cargo can be found. The container is likely to be packed at a freight forwarder's premises so transshipment can take place by road to the docks, placed on a ship and unloaded without unpacking in Japan. The container offers protection against theft and weather and provides storage for the machinery until it is delivered.

I would recommend using air freight if the machinery is required urgently as it can be delivered in a few days.

**Level 1 (1–3 marks)**

**Has commented on using air freight and/or container ship with/without an opinion.**

Air freight carries valuable, lightweight cargoes. Container ship carries many kinds of cargo. Goods can be transhipped. Using container ship is cheaper. I recommend using container ship. The machinery is likely to arrive in Japan safely. **[6]**

**(c) Any four points × 1 mark each and up to 2 marks for a well-developed point**

introduce/raise import duties to make imported goods more expensive than home-produced  
introduce quotas – limits on quantity of a particular product allowed into a country during a certain period of time

introduce embargoes on certain products – total ban on the product

impose exchange controls to restrict the amount of foreign currency available to purchase imports

introduce administrative barriers e.g. more documents, longer procedures to make it more difficult to import goods

introduce strict quality control measures so adding to costs of producing the goods

any other relevant point

allow foreign taxes for import duties

Do not allow credit for encouragement of home produced goods by reduction of their taxes etc. **[4]**

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5 (a) (i) Any four points × 1 mark each or two points × 2 marks each

the application for insurance which must be completed truthfully forms the basis of the insurance contract as all information about the insured risk is given on the form may act as a request for a quotation from the insurance company used by the insurer to assess the risk and decide whether or not to accept the risk used by the insurer to calculate the premium to be charged

any other relevant point [4]

(ii) Any one insurance principle × 1 mark and 2 marks for explanation

utmost good faith – telling the truth and giving all relevant facts that might affect the risk  
insurable interest – the applicant should suffer a financial loss if the risk occurred/ e.g. ownership of the risk  
indemnity – the applicant should not over-insure hoping to make a profit from a loss. [3]

(iii) Level 2 (4–6 marks)

**Has discussed whether or not Comidex will have difficulty obtaining insurance and has given a reasoned opinion. (If a candidate has discussed only one side of the argument, award 4 marks max)**

Comidex will probably not have difficulty obtaining insurance cover for general risks such as premises insurance and insurance against fire and theft. It will have to have employer's liability insurance and is likely to have public liability insurance in case spectators are injured.

Comidex will, however, have difficulty obtaining motor insurance for its motor racing team because the risk of an accident occurring is very high and therefore the premium will be very large. Comidex is unlikely to obtain motor insurance from general insurers. It will have to use an insurance broker who specialises in finding insurers for high level risks. The insurance broker will arrange the insurance and also the documentation. Comidex is likely to pay high premiums and also likely to have large excesses and conditions or exclusion clauses on its policy. It will, however, be able to obtain motor insurance but at a price.

It is possible, however, that Comidex might decide to be its own insurers for the motor races. It would have to have considerable funds to be able to do this.

Level 1 (1–3 marks)

**Has commented on motor insurance with/without context.**

Comidex will find it very difficult to obtaining motor insurance for its motor racing team. The risk of an accident occurring is very high. The premium will be very large. Comidex will use an insurance broker. [6]

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(b) (i) Any one example × 1 mark such as retained profits, selling off unwanted assets, reducing stock levels.

(ii) Any four points × 1 mark each

- internal finance is likely to be readily available
- no interest has to be paid
- it does not have to be repaid
- no security is required
- it may not be sure of the amount required
- any amount up to the amount available may be taken
- there is no loss of ownership

any other relevant point

[4]

(c) Any two points × 1 mark each

- they are used as advertising devices/methods of appeal
- they are well known people
- many people admire sports personalities
- and so will buy a product associated with that person

any other relevant point

[2]

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6 (a) One mark for juice, coke, beer, tonic water, soda water  
any other relevant product

(b) (i)  $120bn \times \frac{30}{100}$  (1 mark) = 36 bn (1 Mark)

OFR applies. If the correct answer is given without working, award full marks [2]

(ii)  $120bn \times \frac{65}{100}$  (1 mark) = 78bn (1 mark)  $\div 10 = 7.8$  bn (1 mark)

OFR applies. If the correct answer is given without working, award full marks [3]

(c) Any four points  $\times$  1 mark each and up to 2 marks for a well-developed point

- it is a mass market involving a large volume of items
- demand for drinks comes from all over the world and is large scale
- there are a number of drinks made by many companies that are suitable for being canned
- it is easier to supply outlets in different parts of the world by having factories producing drinks near to these markets
- many different outlets sell drinks e.g. supermarkets, cafes, fast food outlets

any other relevant point [4]

(d) (i) Level 2 ( 4–6 marks)

**Has discussed both options and has given a reasoned recommendation.  
(If a candidate has discussed only one option, award 4 marks max)**

If Sigma opens a factory in Germany it will benefit from location within a trading bloc. It will not have to pay import duty on any cans sent to member countries of the EU. It will also be able to obtain any necessary raw materials from member countries without payment of duty. It will also be located close to its market for beverage cans in Europe.

On the other hand Sigma will have to find a site in Germany and will have the costs of setting up the factory as well as the ongoing costs such as labour. It will also have to organise a sales team to operate in Europe. It should also be remembered that not all countries in Europe are members of the European Union and so it may be difficult to trade with them.

Using agents will save Sigma the work of locating in Europe and setting up a factory. The agent will find buyers for Sigma and will overcome some of the difficulties of trading in other countries such as language and dimensions of the cans. The agent will represent Sigma and may be better known to potential buyers than Sigma itself.

On the other hand agents work for several clients and so may not sell the beverage cans as vigorously as they might. Sigma will still have to organise the transporting and delivery of the cans, probably from Canada and this will be costly. The agent will receive commission on sales.

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It is recommend that Sigma sets up the factory together with a sales office so that it can expand its market for cans in Europe itself.

**Level 1 (1–3 marks)**

**Has commented on one or both options with/without a recommendation.**

The European Union is a trading bloc. If Sigma opens a factory in Germany it will benefit from this. It will not have to pay import duty on cans sold to other countries. It will also be located close to its market for beverage cans in Europe.

Sigma will, however, have to find a site in Germany. It will have the costs of setting up the factory. It will have labour and other costs.

Sigma will have to pay agents commission. I would recommend that Sigma sets up the factory so that it can expand its market for cans in Europe itself. **[6]**

**(ii) Any four points × 1 mark each and up to 2 marks for a well-developed point**

the cans will have to be shipped using container ship – this could be costly and also take some time, other forms of transport will be needed to deliver the container to the port in Canada and from the port in Australia. Sales people may have to travel from Canada to Australia – cost as well as time consuming communication may break down between buyer and seller but, with improved communication e.g. email, this is not such a problem no insurance costs may be greater than for a short distance if a consignment is urgent container ship may not be suitable and air freight would be expensive the use of air freight would not generally be suitable as cans are likely to be transported in bulk and individually are of low value there may be greater risks of cargoes being lost or stolen because of distance as they are in other people’s hands for longer the product has a low value to weight.

any other relevant point **[4]**

**7 (a) Any two points × 1 mark each**

- she imports computers/buys computers
- she sells computers
- trade is buying and selling for profit (1 mark)
- she is a wholesaler (1 mark) **[2]**

**(b) Any four services × 1 mark each**

- Internet account
- current account
- deposit/savings account
- payment services (2 marks max)
- credit and debit cards
- ATM
- any other relevant service
- bank statements
- withdrawal on demand
- safe custody of documents
- finance (2 marks max)
- night safe
- advice

**N.B.** no marks for cash **[4]**

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(c) Any three actions × 1 mark each

- examine the computer
- check the documentation
- check that it was supplied by her
- contact the retailer
- if it is not fit for purpose apologise
- offer to replace
- issue a credit note
- if it is fit for purpose return it to retailer with explanation
- contact manufacturer

any other relevant point [3]

(d) (i) One mark for pay before the due date on the credit card statement [1]

(ii) One advantage explained × 2 marks and one disadvantage explained × 2 marks

- likely to increase sales as most people use credit cards to postpone payment
- may give a competitive edge over some other companies who may levy a charge for using a credit card
- enables the retailer to sell online and to receive payment safely
- the retailer does not have to hold too much cash on its premises so less security risks

- businesses are charged commission by credit card companies – this is sometimes passed on to the customer/resulting in less revenue for the seller
- means increased paper work and record keeping as well as the card readers
- delays in payment from credit card companies may result in cash flow problems
- additional equipment needed

any other relevant advantage or disadvantage [4]

(e) Level 2 (4–6 marks)

**Has discussed whether or not Salima should sell directly to consumers and has given a reasoned opinion.  
(If a candidate has discussed only one side of the argument, award 4 marks max)**

If Salima sells directly to consumers, she might make more profit as she is cutting out the retailer. She will not be delivering bulk quantities to retailers and so will need to review her use of transport and may save costs.

Salima sells in bulk to retailers. If she were to sell directly to consumers, she would be selling individual computers and would probably have to provide after sales service for these computers. If she started selling directly to consumers she would be selling to the customers of the retailers who are buying from her. She would have to change the whole emphasis of her business and set up an online ordering service for consumers as well as a reliable delivery network. She would also have to prepare each computer individually for customers.

I would recommend that Salima continues to sell in bulk for retailers. If this is successful, why change? But she may be selling less to retailers who are buying direct from manufacturers and that is why she is considering direct selling. Perhaps she should investigate selling direct to consumers while maintaining her core business.

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**Level 1 (1–3 marks)**

**Has commented on selling directly to consumers with/without an opinion.**

Salima should sell directly to consumers. She may make more sales. She may make more profit. Retailers will no longer take part of the profit. She will have to review how she sells.

[6]

**8 (a) Any two reasons explained × 2 marks each**

goods need to be moved from seller to buyer so that orders can be satisfied  
raw materials need to be moved from where they are obtained to manufacturers  
some goods need specialised transport in order to be sent to another country such as container transport/refrigeration  
some goods need to be transported to bonded warehouses pending payment of duty  
transport services provide invisible earnings for some countries e.g. shipping services and contribute to the Balance of Payments of those countries as invisible exports  
transport enables buyers and sellers to meet to do business e.g. air travel  
has to move goods long distances

any other relevant point explained

[4]

**(b) Any two points × 1 mark each or one well explained point × 2 marks**

the movement of goods from where they are produced to where they are sold/or direct to consumers  
delivery of goods to many different outlets ready for sale  
allow reference to channels of distribution

any other relevant point

[2]

**(c) Any four points × 1 mark each and up to 2 marks for a well explained point**

may insufficient business to justify having own transport  
may not want to spend capital on expensive vehicles  
may not want to have to organise their own transport systems  
may want to save the costs of drivers/insurance/repairs/garaging  
may wish to send goods abroad but does not have the expertise to do so  
may not have the facilities for refrigerated goods  
may not have facilities for moving containers  
Gupta may offer competitive rates for repeat business  
Gupta specialise in transport and have a known reputation

any other relevant point explained

[4]

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(d) (i) Any three reasons × 1 mark each

- to publicise its services
- to give information about the company
- to enable customers to book its services online
- to give customers its contact details
- to advertise any job vacancies it might have
- it may save costs of using other means of communication e.g. telephone
- it may save costs of using other advertising media

any other relevant point [3]

(ii) Any one point × 1 mark –

- to advertise its services
- to identify that vehicles belong to Gupta

any other relevant point [1]



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**(e) Level 2 ( 4–6 marks)**

**Has discussed whether or not Gupta needs warehousing as part of its business and has given a reasoned opinion.**

**(If a candidate has discussed only one side of the argument, award 4 marks max)**

Gupta International Transport moves goods both within its own country and also abroad. Some of the goods it moves may have to be stored before transporting. This storage may be by the manufacturer after production especially if buyers have not been found or the transport is not available. Gupta is unlikely to provide storage on a large scale for such goods.

Gupta does provide some storage for goods in the form of containers. Containers act as small warehouses and can be stacked in a small space. Gupta is likely to move these containers from the seller's premises where they would be packed, may use at least two means of transport, and deliver them to the buyer's premises where they will be unpacked and stored. Some goods need to be stored pending payment of duty. Gupta may deliver goods to a bonded warehouse. Gupta is unlikely to own a bonded warehouse itself.

Gupta operates some refrigerated transport. It is likely to load such cargo from refrigerated storage at the producer's premises. The goods are protected whilst in the truck and then unloaded into storage provided at the destination.

Gupta will need some storage for itself. It may need to store its vehicles to protect them when not in use. It will need some storage/warehousing for vehicle parts and the maintenance of its vehicles.

Gupta, therefore, is unlikely to need much warehousing and storage. It does not advertise storage facilities on its trucks. This is likely to be provided by other businesses.

**Level 1 (1–3 marks)**

**Has commented on the use of warehousing by a transport business with/without an opinion.**

Gupta is a transport business. It moves goods in its own country and to other countries. It stores goods in containers. It stores goods in refrigerated transport. It is unlikely to be a building that acts as a large warehouse.

**[6]**