Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/23**

Paper 2 Written **May/June 2021**

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.

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This document consists of **20** printed pages.

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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 descriptors 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.

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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.

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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).

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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.

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PREPARATION FOR MARKING

1. Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2. Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3. Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1. Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2. If you are in doubt about applying the mark scheme, consult your Team Leader.
3. Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4. Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1. All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.
2. The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3. Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2 Every mark awarded for a question (as shown in the mark input box to the right of the screen) must be indicated by a correctly positioned tick on the script. The number in the box below the tick annotation must be equal to the mark awarded in the input box.
3 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

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Question	Answer	Marks	Guidance
1(a)(i)	**Define *production*.** Transforming raw materials (1) into finished goods for sale (1) Making/manufacturing goods/services (1) to satisfy needs and wants (1) Divided into stages (1) primary / secondary / tertiary (1)	**2**	
1(a)(ii)	**Identify <u>one</u> production process in Fig. 1.1.** • Washing/cleaning • Sorting/sizing • Crushing/mixing/juicing • Bottling • Sealing • Labelling/branding • Packaging/packing	**1**	
1(b)	**State <u>two</u> methods managers can use to communicate with their factory workers.** • Oral/face-to-face/verbal • Body language or example • Charts/notices/posters/diagrams • Tannoy/speaker/bell • Pager/bleeper/walkie-talkie • Letter/memo/written • Phone • Email • Electronic/videocall/facetime/videoconferencing • Text/sms • Teleconferencing • Fax	**2**	

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Question	Answer	Marks	Guidance
1(c)	Factory workers are insured against accidents in the workplace by **employer's liability insurance** A factory is more likely to be located near **power**	**2**	
1(d)	**Tomato sauce can be packaged in glass bottles ready for distribution. Are glass bottles environmentally friendly? Give reasons for your answer.** Yes – glass can be reused (1) recycled (1) into other glass bottles / other products or e.g. vases (1) less carbon dioxide / harmful emissions (1) leading to less pollution / less waste (1) compared to plastic (1) more sustainable (1) No – glass is heavy/expensive to produce (1) to transport (1) leading to pollution (1) and greater global warming (1) glass is non-biodegradable (1) does not decompose (1) in a short period (1) and broken glass (1) that causes litter (1) can hurt/harm animals (1)	**3**	

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Question	Answer	Marks	Guidance
1(e)	**Wholesalers distribute food products to retailers. Explain <u>two</u> other reasons why wholesalers are important to food manufacturers**. • Purchase in bulk (1) saving manufacturer costs of dealing with many retailers (1) • Clear production lines (1) so less capital is tied up in stock (1) • Manufacturer can produce ahead of demand (1) so less breaks in production / as wholesalers store goods (1) • Knowledge of market / customer tastes (1) keeps manufacturers informed of changes in demand (1) • Storage/keeping goods (1) in warehouse / protecting goods from theft / damage / saves manufacturer costs of providing warehouse (1) • Preparing goods for sale or example (1) such as branding (1) • Risk bearing (1) so it is the wholesaler that loses if demand changes (1) • Breaking of bulk (1) splitting manufacturer's bulk into smaller quantities / saves manufacturer time / money (1) • Holding a reservoir of goods (1) to balance seasonal demand (1) • Advertising (1) to increase sales / inform retailers / inform consumers (1) • Delivery (1) reduces transport costs (1) • Payment (1) gives prompt payment / credit (1)	**4**	

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Question	Answer	Marks	Guidance
1(f)	**This tomato sauce producer is a multinational company (MNC).** **Evaluate the importance of MNCs in the global economy. Give reasons for your answer.** MNCs are controlled by a Head Office with operations in other countries • MNCs create wealth and jobs around the world, raising the standard of living in developing countries e.g. call centres in India • MNC's size enables them to benefit from economies of scale so lower prices for consumers • MNCs ensure minimum standards so that consumers can rely on the quality of the good e.g. Coca-Cola has a global dominance because consumers know that they will receive the same taste wherever they might be in the world • Due to their size they can have significant influences on the policies of governments in the countries that they operate. For example, they might use their power to influence better tax rates • In developing economies, they can use their size to push local firms out of business • In the pursuit of profit, they can contribute to pollution and the use of non-renewable resources which affects the global environment **Evaluation:** MNCs are very important in the global economy because they generate revenue in many countries – often operating in low-income countries where the standard of living is improved as a result. MNCs also move capital around the world and add to the balance of trade of the countries where they are located.	**6**	Up to 2 marks for **describing** multinationals/global economy Up to a further 2 marks for **analysing** the importance of multinationals in the global economy Up to a final 2 marks for **evaluating** whether multinationals are important in the global economy

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Question	Answer	Marks	Guidance
2(a)	**What does the abbreviation Ltd mean?** Limited / limited company / private limited company	**1**	
2(b)	**State <u>two</u> functions of a retailer.** • Provide conveniently sited shops • Buy from manufacturer / wholesaler to sell to consumers • Sell goods in suitable quantities/qualities/prices • Offer a wide range of goods • Provide goods at suitable times of day • Provide delivery • Provide advice on purchases • Inform consumers of new goods • Provide after-sales service • Provide shop displays / self-service • Advertise/promote goods for sale • Provide credit • Risk-bearing • Give advice to manufacturers / wholesalers about consumer demand	**2**	

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Question	Answer	Marks	Guidance
2(c)	**Some customers apply for a JJ Ltd store card to purchase jewellery. Is paying by store card the best way to buy jewellery?** Yes – goods obtained on credit (1) jewellery can be expensive (1) so able to pay later / within a set period (1) and if paid within the period, no interest charge paid (1) can obtain loyalty points (1) free gifts (1) discount offers (1) so this makes it cheaper for the customer to obtain other products (1) do not have to carry cash (1) prevents any theft of cash (1) No – customer may be tempted to overspend / impulse buying (1) high interest rates (1) leads to bad debts (1) if not repaid within the period (1) will need to have a high credit limit to afford jewellery (1) can only use the store card in JJ stores (1) may not obtain loyalty points (1) to make the card of sufficient benefit to the customer (1)	**4**	
2(d)	**The head office of JJ Ltd bought watches with a total price of $75 000 and is allowed trade discount of 15%.** **How much does JJ Ltd owe after trade discount? Show your working.** Amount owed: $63 750 (3) Method: 15% × $75 000 = $11 250 (1) $75 000 – $11 250 (1)	**3**	

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Question	Answer	Marks	Guidance
2(e)	**JJ Ltd may start also to sell its jewellery by mail order. Discuss whether or not this will increase its profits. Give reasons for your answer.** Consumers select goods from a catalogue, post an order form to the supplier and receive goods by post. • Increased sales from a wider market • Increased sales because of convenience of shopping from home • Operating costs are lower because no retail outlets are necessary • Can enjoy economies of scale • Can charge high prices for delivery • No wholesaler needed • No opportunity to build face-to-face customer relationships • Less customer satisfaction / cannot inspect the jewellery • Catalogues are expensive to produce / packing / distribution • Goods can be damaged in transit / customer complaints • Delivery delays will upset customers • Risk of non-payment of credit • Cost of setting up mail order and marketing, sending out catalogues **Evaluation:** Mail order can be profitable but there will be relatively high start-up costs meaning it may take some time to return a profit so it may be a longer-term option. Extra logistical costs, such as warehousing and distribution, may stop JJ making large profits. Customers may think online shopping is an easier option so will buy elsewhere and JJ's profits will not increase.	**6**	Up to 2 marks for **describing** mail order / profits Up to a further 2 marks for **analysing** whether or not mail order will increase profits Up to a final 2 marks for **evaluating** whether or not mail order will increase profits

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>3(a)(i)–(iii)</td><td>Complete (i), (ii) and (iii) on Fig. 3.1.

<table>
<tr><td></td><td>January
$m</td><td>February
$m</td><td>March
$m</td></tr>
<tr><td>Total revenue</td><td>(i) 3.3 (1)</td><td>3.7</td><td>4.1</td></tr>
<tr><td>Total costs</td><td>1.1</td><td>(ii) 1.3 (1)</td><td>1.4</td></tr>
<tr><td>Profit</td><td>2.2</td><td>2.4</td><td>(iii) 2.7 (1)</td></tr>
</table></td><td>3</td><td></td></tr>
<tr><td>3(b)</td><td>Describe what is meant by logistics.

Transport / storage / distribution (1) getting goods from one part of production to consumer / from one part of the supply chain to the next part of the supply chain (1)</td><td>2</td><td></td></tr>
<tr><td>3(c)</td><td>Are small vans the best method of transport for BB to deliver bread to its retail stores? Give reasons for your answer.

Depends how far apart the retail stores are and how far they are from BB Bakery (1)

Yes – door-to-door delivery (1) a small van can be cheaper for shorter distances (1) faster for short distances (1) than e.g. rail transport (1) bread is perishable (1) has flexible routes (1) flexible times/schedules / can deliver anytime (1) no transhipment (1) may be able to carry enough bread (1) for more than one store delivery at a time (1) can advertise on side of vehicle (1)

No – a small van may not have the space/capacity (1) might be better to use a larger van (1) to carry bigger loads of bread to a larger number of stores (1) may not be able to keep goods fresh (1) better to use a refrigerated vehicle (1)</td><td>3</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>3(d)</td><td>BB Bakery plc can use either a loan or sell assets to finance its expansion. Discuss both options. Which would you recommend? Give reasons for your answer.

Loans:
A bank loan is an amount of money borrowed for a set period with an agreed repayment schedule. The advantages and disadvantages are:
• Loans are usually for a large amount so able to cover the amount needed for new vans and stores
• Loans can be repaid over a long period of time, making it easier for BB Bakery to spread payments
• The interest rate is fixed, making it easier to forecast interest payments
• Security usually has to be given to the bank so if the business fails to pay back the loan, the bank will take over BB Bakery’s assets

Sell assets:
The sale of assets, such as baking ovens, also has advantages and disadvantages:
• There is no need to borrow money so there is no interest to be paid which can make this source of finance cheaper for BB Bakery
• The assets being sold may not be currently used by the Bakery so it would be better to receive money for them
• BB Bakery may not have surplus assets to sell so this source of finance is not available/viable
• Assets may have to be sold at a low value
• It may take a long time to find a buyer for bakery business assets</td><td>8</td><td><table><tr><th>Level</th><th>Mark</th><th>Description</th></tr><tr><td>3</td><td>7–8</td><td>The candidate is able to offer a recommendation with a thorough evaluation of the two sources of finance.</td></tr><tr><td>2</td><td>5–6</td><td>Candidate offers a satisfactory analysis of one or two sources of finance with or without a recommendation.</td></tr><tr><td>1</td><td>1–4</td><td>Candidate demonstrates some knowledge and understanding of sources of finance.</td></tr><tr><td>0</td><td>0</td><td>No creditable response.</td></tr></table></td></tr>
</table>

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Question	Answer	Marks	Guidance
3(d)	**Evaluation:** The final decision will depend on whether BB Bakery has suitable unused assets to sell or can afford to make bank loan repayments. We are not given information on whether it has any surplus assets to sell but it is achieving increasing sales revenue. I would recommend that the company use a loan to finance the expansion because it can afford to and probably needs its assets to increase production for the new shops.		

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Question	Answer	Mark	Guidance
4(a)(i)	**Describe the following bank services which a customer could use to: pay insurance premiums.** • Standing order (1) to pay fixed amounts at regular times (1) • Direct debit (1) to pay varying amounts over varying times (1) • Credit card (1) to delay payment (1) • Debit card (1) to make immediate payment (1) • Internet and mobile banking (1) transfer money online (1)	**2**	
4(a)(ii)	**obtain cash when the bank is closed.** • ATM (1) use of a PIN / debit/credit card / 24/7 (1)	**2**	
4(b)	**Explain why bank statements are important to bank customers.** To keep check of financial position/balance (1) to check transactions or e.g. bank charges (1) to keep track of spending (1) useful for accounting purposes (1) to help decision-making on spending patterns (1) to prevent any future overdraft / bank charges (1) to apply for a bank loan (1) as the statement will show the bank the ability to pay back the loan (1) to compare personal record of receipts/spending with the bank statement (1) to check that the bank has not made an error (1) to inform bank of any fraudulent transactions (1)	**3**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>4(c)</td><td>Discuss whether a bank should use informative advertising or persuasive advertising to introduce a new savings account. Give reasons for your answer.

Informative advertising:
Informative advertising provides facts/details/information e.g. rate of interest on savings and whether the account can be opened in the branch or online. Informative advertising is generally used to introduce new services but at the same time is promoting the bank’s name in the marketplace so as to remind consumers that the bank exists and is trying to widen the services it offers.

Persuasive advertising:
Persuasive advertising is used to persuade people to buy services by creating pleasant images in the minds of the consumer e.g. trust this savings account to make you richer. It will have more pictures than facts. For example, the bank might use famous people in the advertisement, to make the consumer want to associate themselves with the image the new account portrays.

Evaluation:
For a new product, informative advertising should be used but it could be argued that it should only be used in the initial stages and be replaced by persuasive advertising once the public has been made aware of the savings account. The bank might consider using competitive advertising so as to stop consumers from banking elsewhere. In the end, it might be best to use a combination of informative and persuasive advertising in order to inform and attract customers to the new account.</td><td>8</td><td>
<table>
<tr><th>Level</th><th>Mark</th><th>Description</th></tr>
<tr><td>3</td><td>7–8</td><td>The candidate is able to offer a thorough evaluation of whether a bank should use informative or persuasive advertising.</td></tr>
<tr><td>2</td><td>5–6</td><td>Candidate offers a satisfactory analysis of whether a bank should use informative or persuasive advertising without evaluation.</td></tr>
<tr><td>1</td><td>1–4</td><td>Candidate demonstrates some knowledge and understanding, with application to informative or persuasive advertising.</td></tr>
<tr><td>0</td><td>0</td><td>No creditable response.</td></tr>
</table>
</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>5(a)(i)</td><td>Calculate the balance of payments for country A. Show your working.

Country A = 34 (2)

Method: 346 – 312 (1)</td><td>2</td><td></td></tr>
<tr><td>5(a)(ii)</td><td>Does country B have a trade surplus or a trade deficit?

Deficit</td><td>1</td><td></td></tr>
<tr><td>5(a)(iii)</td><td>Which country has the most favourable balance of payments?

Country D</td><td>1</td><td></td></tr>
<tr><td>5(b)</td><td>Which of these statements about customs authorities are true and which are false? TRUE FALSE

<table>
<tr><td>Customs authorities keep records of exports and imports of a country.</td><td>✓</td><td></td></tr>
<tr><td>Customs authorities own bonded warehouses.</td><td></td><td>✓</td></tr>
<tr><td>Customs authorities are located at post offices.</td><td></td><td>✓</td></tr>
</table>
</td><td>3</td><td></td></tr>
</table>

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Question	Answer	Mark	Guidance
5(c)	**Discuss the importance of communications in international trade.** • Enables buying and selling to happen more efficiently so that global deals are made more quickly and accurately • Enables information about goods/services to be readily available, e.g. via websites, so international traders can easily see what is available • Communication opens up new markets and can lead to possible economies of scale • Advances in communication technology, e.g. smartphones and video conferencing, allow customers to talk/see each other and their products easily, without wasting time and money travelling • The need to overcome language barriers so that the message sent to another county is not lost in translation is also easier with new technology **Evaluation:** Communications is very important and advances in technology have increased the speed and accuracy of commercial activities across global markets. It has allowed businesses and consumers to carry out transactions more efficiently, improving commercial opportunities and relationships.	**6**	Up to 2 marks for **describing** communications services in international trade Up to a further 2 marks for **analysing** the importance of communications in international trade Up to a final 2 marks for **evaluating** the importance of communications in international trade

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