Cambridge
O Level

Cambridge International Examinations
Cambridge Ordinary Level

COMMERCE **7100/21**

Paper 2 Written **October/November 2016**

MARK SCHEME

Maximum Mark: 80

Published

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1 (a) (i) 1 mark for each feature stated to a maximum of two features [2]

- Has stalls
- Stalls hired from local council
- Dependent on weather
- Not permanent building
- Traders usually sell one line of goods/seconds/poor quality/unbranded goods/variety of goods
- Traders often make what they sell
- Goods sold for cash
- Traders often travel from town to town
- Operate on different days of the week or, e.g. long opening hours
- Bargaining often seen

Accept any other relevant points.

(ii) 1 mark for each type named to a maximum of two types (no marks for e.g. shoe shop) [2]

- Shops with only one branch/independent retailer/unit retailer/convenience store
- Pedlars
- Hawkers/street vendors
- Kiosks
- Mobile shops/motor van
- Newspaper stand
- Speciality store
- Automatic vending machines
- Tuck shop

Accept any other relevant points.

(b) (i) 1 mark for each other type of production [2]

- Secondary
- Tertiary

(ii) Valid points include (4 × 1 marks) [4]

- Yes, he is involved in trade (1) as trade is the buying and selling of goods (1) using money (1) to make a profit (1)
- He buys fishnets (1) and sells the fish at the local street market/to Abel (1) and completes the channel of distribution (1)

Accept any other relevant points.

(c) 1 mark for a statement of a wholesaler's services and a further 1 mark for an explanation up to a maximum of two services (2 × 2 marks) [4]

- A wholesaler would buy some of Joshua's catch for an agreed price/in bulk (1) and then sell it to his customers/in small quantities (1)
- A wholesaler will break bulk (1) and sell part of Joshua's catch to many different retailers (1)

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- The wholesaler may package the fish (1) ready to be sold by the retailer (1)
- The wholesaler can provide advice (1) on customer tastes/what is selling well/how to operate his business (1)
- Provide advertising (1) to inform/persuade consumers to buy fish or use of an e.g. of an advertising media (1)
- Can provide credit (1) so consumers can pay later (1)
- Prepare the fish for sale (1), e.g. processing/packaging/labelling/no need to package himself (1)
- Can provide transport (1) deliver the fish (1)
- Risk-bearing (1) will bear loss if demand falls (1)
- Provide immediate payment (1) in cash (1)
- Can provide a warehouse (1) where fish will be stored (1)

Accept any other relevant point.

(d) Level 2 (4–6 marks)

Has discussed both business organisations and has given a reasoned decision. (If a candidate has discussed only one business organisation/one-sided answer award 4 marks max)

Level 1 (1–3 marks)

Has commented on one or both business organisations with/without a decision

- Both sole traders and partnerships have unlimited liability.
- Sole trader is easy to set up, whereas partnership slightly more complicated.
- Sole traders keep all their profits, while partnership profits are shared among the partners.
- Sole trader only has the capital from his own savings, whereas partnership can draw capital from each partner.
- If Joshua and Abel form a partnership, then each will share in the profits and losses of the restaurant and the fishing boat.
- The restaurant will secure supply of all the fish it wants from the fishing boat.
- A deed of partnership will have to be drawn up, which may split the profits on a basis other than 50–50.
- Evaluation should consider the present profitability of the two businesses and whether one is much more profitable than the other. Joshua and Abel must have a clear understanding of their responsibilities if they are to become partners.

Accept any other relevant points. [6]

2 (a) (i) 1 mark for an explanation of cheque entry and 1 further mark for an explanation of overdraft [2]

- Cheque 145 debits the account with $250/amount taken from account is $250
- This results in an overdraft of $75.00

(ii) Valid points include (Any 2 × 1 mark): [2]

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- A standing order is a bank transaction where the account holder authorises/instructs the bank (1) to debit his account with a set/fixed amount (1) at regular/monthly intervals (1) it is used for payments such as rent/insurance/subscriptions (1)

Accept any other relevant points.

(iii) 1 mark for identifying cheque 144 as debit entry and 1 further mark for new correct balance [2]

Balance at Sept. 26th	$900	
Less Cheque 144	$180	(1)
Balance at Sept. 29th	$720	(1) or 2 marks for the correct answer

(b) Up to 2 marks for an each explanation of how Miss Patel will use it [4]

- Miss Patel can use the bank statement to view the latest balance on her account (1) to see if she is in credit/debit (1)
- She can also view all the transactions (1) that have taken place over the month (1) to ensure that all are authorised (1) and if there any errors made/shown (1)
- She can reconcile the balance shown with her records (1) so that she knows any transactions that have not yet been entered on her bank account (1)
- Can be used for tax returns (1) to the government (1)
- Can be used as evidence/proof (1) in a court of law (1)
- Can be used to apply for a bank loan (1) showing your ability to pay (1)

Accept any other relevant points.

(c) (i) 1 mark for each advantage stated to a maximum of two advantages [2]

- There is instant credit/able to spread payments
- Safer to carry money
- No need to carry money
- Free credit allowed up to at least a month
- Can be used in many outlets/countries
- Can be used to obtain cash advances
- Can have interest free credit on balance transfers

Accept any other relevant points.

(ii) 1 mark for showing amount as 3% of $300 and 1 further mark for correct calculation [2]

3% interest on balance of	$300	(1)
= $300 × 3% =	$9.00	(1) or 2 marks for correct answer

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(d) Level 2 (4–6 marks)

Has discussed whether or not Miss Patel should use internet banking and branch banking and has given a reasoned opinion (If a candidate has presented a one-sided argument, award 4 marks max.)

Level 1 (1-3 marks)

Has commented on the use of internet banking and/or branch banking with/without an opinion

- Branch banking means going to the branch for many of the transactions, such as setting up standing orders, querying entries on statements and moving amounts between accounts.
- Obtaining cash can be done at ATM machines with either branch banking or internet banking.
- The advantage of branch banking is the personal service from the teller and the extra security from knowing you are physically in a branch.
- Internet banking means all routine transactions not involving cash can be completed on the Internet, although paying in cheques will still have to be completed by post or a visit to the branch.
- The main disadvantage of Internet banking is the threat of fraud and Miss Patel must make sure she is very careful when using the Internet.
- Using the Internet will save Miss Patel time visiting the branch and will be more convenient.
- Some unusual transactions such as paying in cheques or negotiating a loan will still need a visit to a branch, so a combination of both will probably be best.

Accept any other relevant points. [6]

3 (a) 1 mark for each factor stated with a further 1 mark for each explanation up to a maximum of 2 (Any 2 × 2 (1 + 1 marks)) [4]

- Proximity to wholesaler (1) to reduce costs/transport flowers quickly (1)
- Nearness to market (1) where there is demand/footfall (1)
- Near centre/rail station/car park/transport facilities (1) accessible to people to get there (1)
- Proximity to wedding venues (1) where there is a market (1)
- Personal factors (1) where the owner wishes to live (1)
- Good communications (1), e.g. wi-fi available (1)
- Cost of land/shop (1) is rent/lease affordable (1)
- Supply of labour (1), e.g. gardener (1)
- Security of area (1) in case of theft (1)
- Near power/utilities (1) for shop heating/lighting (1)
- Competition (1) where there are fewer similar flower shops (1)

Accept any other relevant points.

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(b) 1 mark for stating a reason with 1 further mark for an explanation up to a total of two reasons [4]

- Wholesalers will purchase flowers from the home country/abroad in large quantities (1) giving variety of flowers (1) giving choice (1)
- They will break bulk (1) so supplying a small retailer like Desiree with the quantity she requires/small quantities (1) cheaper (1)
- Wholesaler can provide advice (1) to Desiree in areas such as consumers' taste and trends (1)
- Wholesalers will provide transport/deliver (1) fresh flowers directly to Desiree cutting her transport costs/offer free delivery (1)
- Wholesalers has warehouse (1) reducing these costs for Desiree (1)
- Can provide credit (1) so she can pay later (1)
- Wholesalers may offer trade discount (1) this enables Desiree to make a profit/making it cheaper for her (1)

Accept any other relevant points.

(c) Valid points include (Can be 2 × 1 or 1 × 2 marks) [2]

- Desiree may add value to the flowers purchased by arranging the flowers (1) in attractive displays (1) putting them into vases (1) adding different types of flowers (1)
- She may add delivery to her service (1)
- Attractive packaging will also add value (1) by improving presentation (1)
- Add branding (1) by use of name/label (1)

Accept any other relevant points.

(d) Up to 2 marks for explaining one advantage and up to a further 2 marks for explaining one disadvantage [4]

<u>Advantages</u>

- The orders can be received 24/7 (1) receiving orders when the shop is closed (1) and can be filled as soon as Desiree arrives (1)
- There is a written record of the order (1) on the computer in case of a complaint (1)
- Payment can be made on the computer (1) and confirmed before the order is despatched (1)
- Orders can be received immediately (1) with quick despatch of flowers (1)
- Cost-saving (1) as less staffing required (1)
- Able to advertise (1) with pop-ups/on website (1)
- Global communication (1) reaching people in distant places (1)

<u>Disadvantages</u>

- She has to pay a fee (1) when the customer uses a credit card (1)
- Websites can breakdown/poor internet connection (1) leading to delays in receiving orders (1)
- Need transport/courier (1) for delivery of online orders (1)
- Security is a problem (1) and credit card fraud may occur (1)

Accept any other relevant points.

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(e) Level 2 (4–6 marks)

Has discussed whether or not Desiree should deliver the goods herself or use a courier and has given a reasoned opinion (If a candidate has presented a one-sided argument, award 4 marks max.)

Level 1 (1–3 marks) Has commented on delivering the goods herself and/or using a courier with/without an opinion

- Using courier will mean Desiree does not have to incur capital expenditure of buying a van or use an employee to deliver the flowers. If she delivers the flowers herself this will shorten the time available for other duties.
- Using her own van will probably work out cheaper in the long run. She will have more control over the quality of the delivered products and have direct contact with the customer. The van can be used to advertise the shop.
- Evaluation will give recommendation based on costs versus benefits and supported by reasoned judgement.

Accept any other relevant points. [6]

4 (a) (i) 1 mark for each item stated to a maximum of two items [2]

- Name/address of purchaser/seller
- Order number
- Date
- Cat.no/code no
- Quantity of goods
- Description of goods
- Price
- Cost of goods
- Total amount of cost of goods
- Discount/terms
- E & OE

Accept any other relevant points

(ii) 1 mark for the advice note and 1 mark for the delivery note [2]

- The advice note advises that the order is about to be despatched (1)
- The delivery note acts as proof of delivery of goods/acts as a receipt that the goods have been received by the buyer (1)

(b) (i) Valid points include (Any 2 × 1 marks) [2]

- Employers Liability Insurance protects the business against claims made by employees (1) as a result of an accident or injury (1) where compensation will be given (1) to the worker/employee while working for the business (1), e.g. if an employer is found to be negligent with having unguarded machinery (1) and in many countries it is compulsory by law to have this insurance (1)

Accept any other relevant points.

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(ii) Up to 4 marks for explaining why business failure cannot be insured against
(Any 4 × 1 marks) [4]

- Business failure is a non-insurable risk (1) which means that the risk cannot be assessed/predicted/mathematically calculated (1) as there are no past records/statistics (1) to fix the premium (1)
- There is also a chance that deliberate bad/failed management will take place (1) in order to make a claim (1) and profit from indemnity (1) which is against the principle of indemnity (1)

Accept any other relevant points.

(c) (i) Up to 2 marks for an explanation of cash discount [2]

- Cash discount is a deduction from the invoice price of goods/reduced amount (1) given to a customer who pays for the goods promptly (1) so as to encourage them to pay within a given/short period of time (1), e.g. week/month (1) usually low/2–5% (1)

Accept any other relevant points.

(ii) 1 mark for each advantage stated up to a maximum of two advantages [2]

- Veenu does not have to wait for payment/improves her cash flow
- Administrative costs are reduced/a credit account does not have to be set up
- Avoids bad debts
- The money may help Veenu take advantage of discounts offered by her suppliers
- May encourage repeat business/buy on a regular basis
- Increases sales/turnover

(d) Level 2 (4–6 marks) Has discussed whether or not rapid and accurate communication is important to business success and has given a reasoned opinion

Level 1 (1–3 marks) Has commented on rapid and accurate communication with/without an opinion

- The external communication will be mainly to customers and suppliers.
- The main methods will be telephone, fax, e-mail and written depending on the urgency of the communication.
- Internal communication with her two employees will mainly be face-to-face, although some written communication will be needed when a record is required such as with a contract of employment.
- When receiving orders for printed documents, it is important that the customer's requirements are known accurately, therefore written, fax or email attachments are required.
- Many orders may be needed urgently therefore rapid communication such as fax or email would be required.

Accept any other relevant points. [6]

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5 (a) (i) 1 mark for each advantage identified up to a maximum of two advantages [2]

- Can buy in bulk at discounted prices
- Can afford specialist employees
- Can use specialist computer systems
- Can charge lower prices
- Can raise large amounts of capital
- Benefit from economies of scale
- Sell a variety of goods
- Diversification of risk

Accept any other relevant points.

(ii) 1 mark for each disadvantage stated with 1 further mark for an explanation of each disadvantage to a maximum of two disadvantages (Any 2 × 2 (1 + 1 marks)) [4]

- Prices tend to be high (1) in department stores because of their high overheads/located in CBD (1)
- Some department stores are regarded as being for the wealthy (1) which means budget conscious shoppers will go elsewhere (1)
- Some shoppers find the stores too big (1) not liking the impersonal atmosphere (1) can take time to find what you are looking for (1)
- Many department stores are in the centre of large cities where parking is difficult (1) and some shoppers will find it difficult/reluctant to visit them (1) due to cost/time involved in finding a parking space (1)
- Use of store cards (1) may lead to overspending (1)

Accept any other relevant points.

(b) (i) Valid points include (Any 2 × 1 marks) [2]

- A brand has a trademark/name (1) allow an example (1) of the manufacturer on the product or its packaging (1) to identify the producer (1) so as to distinguish it from other manufacturers'/producer products (1)

Accept any other relevant points.

(ii) 1 mark for each service identified to a maximum of two services [2]

- Delivery
- Setting-up/installation
- Repairs
- Maintenance/warranty
- Helpline/advice
- Recycle old washing machines
- Guarantee

Accept any other relevant points.

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(c) Level 2 (4–6 marks)
Has discussed both sources of credit and has given a reasoned recommendation.
(If a candidate has discussed only one source of finance option award 4 marks max)
Level 1 (1–3 marks) Has commented on one or both sources of credit with/without a recommendation

- The AAA store card will enable Mr Yip to purchase the washing machine with minimal paperwork as long as he already has the store card. He can pay for it in full when the monthly store card bill arrives, or spread the payments over a number of months. This will, however, attract interest usually at a high rate.
- He will legally own the washing machine from the outset.
- Hire purchase means Mr Yip will not legally own the machine until the final payment is made.
- Hire purchase will usually involve a third party lender and an application form will have to be completed and credit checks made.
- The interest rate charged can be less than the store card and the payments are usually a fixed amount monthly.
- If Mr Yip wants to spread the payments over as long a period as possible then he should choose hire purchase with its lower interest rate and fixed monthly payments.
- If Mr Yip wants to pay quickly for the machine then he should use the store card with its greater payment flexibility.

Accept any other relevant points. [6]

(d) Up to 2 marks for an explanation of a way with a maximum of two ways
(Any 2 × 2 (1 + 1 marks)) [4]

- Mr Yip must ensure that the goods he sells are safe (1) not harm you (1) electrical safety would be particularly important with washing machines (1)
- The washing machine must also perform the tasks claimed (1) and be of merchantable quality/fit for purpose (1)
- Washing machines should be adequately described (1) not mislead (1) trades description acts (1)
- Prices are not too high (1) so not to be unfair to consumers (1)
- Consumers have rights (1) through consumer laws (1)

Accept any other relevant points.

6 (a) (i) 1 mark for each telecommunication service named to a maximum of two services [2]

- Telephone/mobile phone/cell phone
- Teleconferencing
- Videoconferencing
- Voicemail/voice call
- Fax
- Answering machines
- Internet
- Email
- Directory enquiries
- Telephone directories
- Phone cards
- Operator assistance

Accept any other relevant points.

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(ii) 1 mark for naming a suitable postal service and 1 further mark for describing it [2]

- Registered post/special delivery (1) used for valuable items (1)
- Letter post (1) for sending, e.g. invoices (1)
- Parcel post (1) for sending bulky objects (1)
- Airmail (1) for sending letters/parcels abroad (1)
- Express delivery service (1) used to ensure fast delivery (1)
- Recorded delivery (1) when An and Bo need to be sure that the customer has received the communication/used for important items (1)
- Bulk posting/direct mail (1) used when An and Bo need to send leaflets to all their customers (1)

Accept any other relevant points.

(b) (i) Up to 2 marks for each reason explained to a maximum of two reasons [4]

- If the business is promoted successfully sales revenue will increase (1) as well as profit (1)
- To launch a new product (1) so as to make consumers aware/informed (1) through advertising (1)
- Sales promotions can be targeted at particular types of customer (1), e.g. offices (1) or to sell particular products (1), e.g. furniture (1)
- Sales promotions may be needed to counter competition/falling sales (1) and retain existing customers (1)
- To attract more customers (1) so to enlarge market (1)
- To gain competitive edge (1) over other rival stores (1)

Accept any other relevant points.

(ii) Level 2 (4–6 marks)

Has discussed three of the three sales promotions and has given a reasoned recommendation. (If a candidate has discussed only two sales promotions award 4 marks max).

Level 1 (1–3 marks) Has commented on one or more sales promotions with/without a recommendation

- The first promotion offers a 10% voucher for those spending more than $2000. Mr Allen would qualify for a voucher worth $1000.
- The second offers a free dining table of choice for spending over $5000. Mr Allen would qualify for a free dining table.
- The third offers two years interest free credit for orders received this year and Mr Allen would qualify as long as he orders this year. If Mr Allen borrows $10 000 the interest at 5% would be $1000 over two years.
- Unless he intends to finance the whole order he is unlikely to take the free finance.
- The $1000 voucher would enable him to spend that on additional items.
- The free dining table would be taken if he intended to buy a dining table and if the price was more than $1000.

Accept any other relevant points. [6]

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(c) (i) Up to 2 marks for a good explanation of working capital [2]

- Working capital is the finance used (1) for the day-to-day running of the business (1), e.g. for paying wages/buying stock (1)
- Current assets minus current liabilities (2)

Accept any other relevant points.

(c) (ii) Up to 4 marks for explaining the importance of working capital to An and Bo's business [4]

- It indicates whether a business can pay its bills (1) as it needs to do this to maintain its cash flow (1) and maintain its reputation (1) and ability to obtain credit/loans (1)
- It is essential that An and Bo have enough funds to pay their creditors (1) either from cash in the bank (1) or from an agreed overdraft facility at the bank (1)
- If An and Bo expands, increased amounts of stock/goods will be needed (1) which will be paid from working capital (1)
- Can be required to meet expenses (1), e.g. repairs (1)
- They must ensure that their debtors pay them on time (1) and that there is not too much stock (1) that cannot be quickly sold (1)
- A shortage of working capital will lead to difficulty in paying their creditors (1) which means they will stop supplying An and Bo (1) and eventually sue them for the debts (1)

Accept any other relevant points.

7 (a) (i) Up to 2 marks for each advantage explained to a maximum of two advantages (Any 2 × 2 marks (1 + 1 marks)) [4]

- Selling online will open up a very large market/more customers (1) in his home country/overseas (1) more profit (1)
- Payment will be made by debit/credit card (1) when placing the order so BBB will be paid quickly (1) no bad debts (1)
- BBB is cutting out the middleman in the speciality store (1) so will make higher profits/lower his costs (1), e.g. of lower costs such as less labour (1)
- Many people use the internet (1) so that goods will be more known (1)

Accept any other relevant points.

(ii) 1 mark for a definition [1]

- A speciality store is a shop that carries a limited number of stock items/one type of goods (1) that are all connected to a theme (1) catering for a particular market (1)

Note: No mark for an example.
Accept any other relevant points.

(b) (i) Valid points include (Any 2 × 1 marks) [2]

- The rate of stock turnover is number of times (1) new stock is bought/replaced/sold (1) accept formula (1) It provides the business with a measure of how quickly stock is sold (1) over a period of time (1)

Accept any other relevant points.

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(ii) One mark for making a decision and any 2 × 1 marks [3]

- Yes (1) as it shows how busy the business is (1) and has an impact on the amount of working capital that a business will need (1) as a business with a low rate of turnover will need a greater working capital (1)
- The longer goods remain in the business, the greater the risk of damage/wastage (1) BBB will not want obsolete stock (1) and the rate of stock turnover will decrease if there is a lot of obsolete stock (1) which he should identify and sell at a discount (1)
- While a high rate of stock turnover is generally good (1) BBB must ensure that they have enough stock to fill orders as they are taken (1) as customers may not wait for long periods while tools are manufactured (1)
- BBB must try to balance the rate of stock turnover between these two needs (1)

Accept any other relevant points.

(c) (i) Level 2 (4–6 marks) Has discussed whether or not BBB should export its kitchen tools and has given a reasoned opinion (If a candidate has presented a one-sided argument, award 4 marks max.)

Level 1 (1–3 marks) Has commented on exporting with/without a decision

Advantages
- Exports will increase sales revenue and ultimately profits.
- The government will encourage exports to improve the country's balance of payments or balance of trade.

Disadvantages
- Products may have to be redesigned to meet the consumers' needs in a different country.
- More complicated documentation is needed and the method of payment will be different.

Decision
- The extra costs of exporting have to be balanced against the extra sales revenue generated.
- BBB will usually be encouraged to export their tools as long as some market research has been completed in the recipient country. This will ensure that a market exists for their tools at the prices they will have to charge.

Accept any other relevant points. [6]

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(ii) 1 mark for stating a function of customs authorities and 1 mark for an explanation of that function up to a maximum of two functions (Any 2 × 2 (1 + 1 marks)) [4]

- The customs authorities of BBB's country keep records of all exports (1) and BBB will have to supply them with detailed lists/prices (1)
- The customs authorities of the country BBB is exporting to will apply the import duties (1) increasing BBB's costs (1)
- They will also check to ensure that import quotas (1) are not being exceeded which may mean BBB could be affected on the number of goods that it can export (1)
- Will have to present additional documents (1), e.g. bill of lading (1)
- Goods may be placed/kept/stored in bonded warehouses (1) where dutiable goods will be stored (1)
- Will check that there is no smuggling (1) of illegal/banned goods (1)

Accept any other relevant points.

8 (a) 1 mark for each function stated to a maximum of two functions [2]

- Warehouses provide storage of goods
- Warehouses provide storage of equipment/tools/semi-finished goods
- They protect goods/keeps goods safe/from the weather/damage/theft
- They act as a centre for product collection/distribution/goods awaiting transport
- They provide a place where goods can be inspected
- They even out supply/keep prices stable
- They offer special facilities or e.g. such as cold storage
- Breaking bulk
- Enables production to be ahead of demand
- To meet seasonal demand
- Provide a place for packaging/grading/sorting/labelling
- To allow goods to mature
- To help in stock piling

Accept any other relevant point.

(b) (i) 1 mark for identifying the type of warehouse and 1 further mark for giving a reason [2]

- Cold storage warehouse (1) for preventing meat from deteriorating/keeping it cool/meat is a perishable good (1)

(ii) 1 mark for identifying the type of warehouse and 1 further mark for giving a reason. [2]

- General warehouse (1) as there is little need to prevent deterioration/if the motorcycles are manufactured in the same country, no duty will be due/not a perishable good/there is enough space(1)

Note: Incorrect choice of warehouse = 0 marks
Accept any other relevant point.

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(c) 1 mark for stating a reason and 1 further mark for explaining it up to a maximum of two reasons or 4 × 1 marks [4]

- A bonded warehouse is where imports are stored (1) before import duty is paid on the goods (1)
- The importer may find a buyer before the goods leave the bonded warehouse (1) so the duty is paid just before the sale proceeds are received (1). The importer may even sell the goods in the bonded warehouse (1) so the buyer pays the duty directly to the customs authorities (1)
- Economises on working capital (1) as the money is not tied up in paying for import duties (1)
- The goods may be withdrawn in separate groups (1) so that the import duty does not have to be paid all at once/spread the payment (1)
- Importers may break down (1) or re-package bulk in the bonded warehouse (1) add value to the goods (1) allows goods to mature (1)
- Important for importers in the re-export trade (1) so the duty does not have to be paid at all (1)

Accept any other relevant point.

(d) (i) Level 2 (4–6 marks) Has discussed both locations and has given a reasoned recommendation. (If a candidate has discussed only one location award 4 marks max).

Level 1 (1–3 marks) Has commented on one or both locations with/without a recommendation [6]

- A cold storage warehouse in the centre of a farming area would be close to the fruit, vegetables and meat produced in that area.
- Farmers would minimise their transport costs, and the products would be available for sale in that area.
- A cold storage warehouse near the country's main seaport would store the products prior to export.
- They would have to be transported to the warehouse by refrigerated truck.
- The best location depends on the amount of export sales. If most of the products are exported then the seaport location would be better. If most is sold within the country then the farming area is better.

Accept any other relevant point.

(ii) Valid points include (Any 4 × 1 marks) [4]

- Seasonal production of soft fruits/raspberries/strawberries (1) can be kept in freezers (1) and sold throughout the year (1) so that they can be produced ahead of demand (1)
- Goods can be kept for a long time (1) preventing them from going bad (1), e.g. vegetables (1)
- Some goods can only be harvested at certain times of the year (1), e.g. apples (1) so cold storage warehouses keep them fresh (1) until demand increases (1) avoiding price fluctuations (1)
- Most cold storage warehouses have a cool area (1) as well as a deep frozen area, so hard fruits such as apples/pears (1) can be kept in the cool area and also sold throughout the year (1) so that they do not run out (1) by controlling supply(1)

Accept any other relevant point.

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