



Mark Scheme

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1 (a)	<ul style="list-style-type: none"> • Primary/extractive <p>NB allow misspelling</p>	(1)

Question Number	Answer	Mark
1 (b)	<ul style="list-style-type: none"> • Authorities/ Authority/Government/ Councils/Council <p>Do not allow 'Agency' on its own NB Allow misspelling</p>	(1)

Question Number	Answer	Mark
1 (c)	<ul style="list-style-type: none"> • Forwarding/Shipping <p>NB Allow misspelling</p>	(1)

Question Number	Answer	Mark
1 (d)	<ul style="list-style-type: none"> • Ordinary/Preference <p>NB Allow misspelling</p>	(1)

Question Number	Answer	Mark
2 (a)	<ul style="list-style-type: none"> • Human wants are individual requirements to make life pleasant/more comfortable/are not needs (1) eg Televisions/designer clothes/mobile phones (1) <p>(1 mark for definition and 1 mark for example)</p>	(2)

Question Number	Answer	Mark
2 (b)	<p>Construction industry is part of secondary activity or assembling parts into a finished product (1) eg House building, shipbuilding, road making (1)</p> <p>(1 mark for definition and 1 mark for example)</p>	(2)

Question Number	Answer	Mark
3	<p>£315 000 divided by £900 000 x 100 (1) = 35% (1)</p> <p>(1 mark per point or 2 marks for the correct answer)</p>	(2)

Question Number	Answer	Mark
4	<ul style="list-style-type: none"> • Payment is guaranteed/secure • Less staff needed to count cash/saving in wages • Less cash on premises • Immediate payment • No bad debts • Aids cash flow • May increase sales <p>(1 mark for each advantage)</p>	(2)

Question Number	Answer	Mark
5	<ul style="list-style-type: none"> • Owners are partners • Between 2 to 20 owners/partners • Controlled by partners • Capital provided by partners • Unlimited liability • Profits/losses shared according to Deed of Partnership or equally if no Deed • Privacy of accounts <p>(1 mark per feature)</p>	(2)

Question Number	Answer	Mark
6	<ul style="list-style-type: none"> • Payment is postponed/Buy goods you cannot afford • Loyalty rewards or example • No need to carry cash making it safer • Payment protection in case of faulty goods/non-receipt of goods • Increase in online transactions • Acceptable worldwide <p>(1 mark per reason)</p>	(2)

Question Number	Answer	Mark
7	(i) Bank draft - Home (ii) Credit transfer - Home (iii) Documentary credit - International (iv) Travellers cheque - International (1 mark for each method correctly matched)	(4)

Question Number	Answer	Mark
8	<ul style="list-style-type: none"> • Video conferencing/Video conference Do not allow Skype or teleconference NB Allow for misspelling (1 mark for correct name)	(1)

Question Number	Answer	Mark
9	<ul style="list-style-type: none"> • Romance/Emotions • Physical attraction • Hero worship/Celebrity • Luxury • Colour/Music (1 mark for each method)	(2)

Question Number	Answer	Mark
10	<ul style="list-style-type: none"> • Operated by large-scale retailers • Large warehouses • Located at busy road junctions • Situated for easy access to branches • Stores large amounts of products <p>(1 mark for each feature)</p>	(2)

Question Number	Answer	Mark
11	<ul style="list-style-type: none"> • Storage/warehousing • Buying in bulk • Clearing production lines • Enabling the manufacturer to produce ahead of demand • Keep manufacturers informed on retailer/consumer demand • Risk-bearing • Preparing goods for sale • Prompt payment <p>(1 mark for each service)</p>	(2)

Question Number	Answer	Mark
12	<ul style="list-style-type: none">• When the exporter wants to hold a discussion about prices of goods• When there are emergency changes to an order• When a quick/urgent decision over delivery needs to be made• When there is no working email/computer or internet is down or emails not checked <p>(1 mark for each reason)</p>	(2)

Question Number	Answer	Mark
13	<ul style="list-style-type: none"> • Cash discount is a deduction from the invoice price (1) Trade discount is a reduction on the catalogue/list price (1) • Cash discount is given to encourage people to pay within a period of time (1) Trade discount is given to encourage repeat orders/bulk buying (1) • Cash discount may assist the buyer's cash flow/working capital (1) Trade discount enables the retailer to make a profit (1) • Cash discount is usually low or eg 2-5% (1) Trade discount is usually higher or eg 20-40% (1) • Trade discount not entered in accounting records (1) <p>(1 mark per point with 2 marks maximum for each method of discount)</p>	(4)

Question Number	Answer	Mark
14 (a) (i)	<ul style="list-style-type: none"> • Large market/population • Customers can come by rail/road • Supply of labour • Proximity to town centre <p>(1 mark for a valid reason)</p>	(1)

Question Number	Answer	Mark
14 (a) (ii)	<ul style="list-style-type: none"> • Likely to be a bigger site than X (1) – so that a car park can be provided (1) • It is not too far from the town (1) - with good road connections (1) • It is between two towns (1) - with centres of population (1) • Cheaper to build at site Y (1) – because land prices are likely to be lower (1) <p>(1 mark for each reason plus up to one mark for a reason development)</p>	(2)

Question Number	Answer	Mark
14 (b)	<ul style="list-style-type: none"> No need for large premises (1) as no car parking needed for these stores (1) as customers will not be carrying many goods home (1) and customers can travel to town by public transport (1) <p>(1 mark per point plus up to 2 marks for development)</p>	(3)

Question Number	Answer	Mark
15 (a) (i)	Country 2/2	(1)

Question Number	Answer	Mark
15 (a) (ii)	Country 3/3	(1)

Question Number	Answer	Mark
15 (a) (iii)	Country 1/1	(1)

Question Number	Answer	Mark
15 (a) (iv)	Country 1/1	(1)

Question Number	Answer	Mark
15 (b)	<ul style="list-style-type: none"> • Visible trade is the value of goods (1) eg cars (1) • Invisible trade is the value of services (1) eg banking (1) <p>(1 mark for each point plus 1 for each example)</p>	(4)

Question Number	Answer	Mark
15 (c) (i)	<ul style="list-style-type: none"> • There will be less food imported (1) with food becoming more expensive/less available (1) leading to less demand (1) <p>(1 mark for each point)</p>	(3)

Question Number	Answer	Mark
15 (c) (ii)	<ul style="list-style-type: none"> • There will be increased demand for home-produced food (1) because domestic food is cheaper (1) so the country's food industry will be stimulated/increased sales (1) and increased employment in food allied industries (1) <p>(1 mark for each point)</p>	(3)

Question Number	Answer	Mark
15 (d)	<ul style="list-style-type: none"> Countries' specialise in what they are best at producing (1) workforce has expertise in the production of a product (1) or make better use of available resources/factor endowments (1) eg large amounts of arable land (1) achieving greater skills (1) and increased efficiency (1) can produce goods cheaper than other countries (1) leading to greater output (1) and comparative advantage (1) eg Brazil for coffee/New Zealand in lamb production/Switzerland for watches (1) leading to a higher standard of living (1) <p>(One mark per point plus up to 5 marks for development)</p>	(6)

Question Number	Answer	Mark
16 (a) (i)	<ul style="list-style-type: none"> A large company (1) with a head office in one country (1) and factories/outlets /offices in other countries (1) <p>(1 mark for each point)</p>	(3)

Question Number	Answer	Mark
16 (a) (ii)	<ul style="list-style-type: none"> Ford/Honda/Fiat/BMW/Nissan/Peugeot/ Fiat/Mercedes/Toyota/General Motors/VW/Hyundai (1) 	(1)

Question Number	Answer	Mark
16 (b)	<ul style="list-style-type: none"> • Need much investment in plant/machinery (1) only a very large company could raise such finance (1) on the stock exchange (1) or gain government grants (1) as some countries (1) such as with Nissan factory in the UK (1) where the UK government wanted the multinational to operate in the UK for the benefit of the UK economy (1) eg providing jobs (1) • Cars are needed all over the world (1) they are global businesses as everyone wants cars (1) and these multinationals fulfil global demand (1) as they make cars in different countries (1) and have assembly in other countries (1) linking to the engineering skills of different countries (1) • The market is relatively price competitive (1) and large companies can earn economies of scale (1) which makes the operation of these companies more profitable (1). Therefore, there is less incentive for small firms to provide large volumes of cars (1) as they tend to focus on smaller numbers of higher priced cars (1) with a bigger profit margin (1) <p>(One mark per point plus up to five marks for development)</p>	(6)

Question Number	Answer	Mark
16 (c)	<ul style="list-style-type: none"> • Magazines have wide circulation (1) that cater for special interests/target people with cars (1) with glossy covers/pages (1) with a long life span (1) that are able to promote cars with colour (1) and detailed information (1) eg price/new models/credit facilities available (1) or linked to feature articles (1) and can be kept for reference (1) so advertisements can be re-read (1) and passed on to others to read (1) <p>(1 mark per point plus up to five marks for development)</p>	(6)

Question Number	Answer	Mark
16 (d)	<ul style="list-style-type: none"> Consumers are protected by the Trade Descriptions Act (1) which state that goods are correctly described (1) eg if a car is a 2.1 model car, a trader should not advertise it as a 2.6 model car (1) or leave out important information (1) eg engine not working (1) the consumer can use the legislation to complain/recover <p>(One mark per point)</p>	(4)

Question Number	Answer	Mark
17 (a) (i)	Proposal form	(1)

Question Number	Answer	Mark
17 (a) (ii)	Policy	(1)

Question Number	Answer	Mark
17 (b)	<p>She will be offered independent advice by a broker (1) on which insurance company to use (1) by offering advice on the best policy to choose (1) as each insurance company offer different quotations (1) Fiona will be supplied with a range of the most suitable policies (1) this will save money/time instead of contacting each insurance company (1) and it can be done face-to-face (1) rather than through a call centre operated by the insurance company (1) however, some brokers as they work on commission (1) may push the policies of certain companies over others (1) making the price of insurance higher than going direct to an insurance company (1) who will also quickly place the insurance for Fiona (1) and collect premiums (1) passing all documentation on to Fiona so this helps Fiona with paperwork</p> <p>(1 mark per point plus up to five marks for development)</p>	(6)

Question Number	Answer	Mark
17 (c) (i)	<ul style="list-style-type: none"> • With utmost good faith, you must tell the truth (1) and give all material facts or relevant information that might affect your claim (1) Allow example (1) with holding information will have affected the premium paid (1) and makes the contract null and void (1) and you will not receive any compensation for the loss/claim made (1) <p>(1 mark per point plus up to 3 marks for development)</p>	(4)

Question Number	Answer	Mark
17 (c) (ii)	<ul style="list-style-type: none"> • Contribution refers to when a person attempts to make a claim from more than one insurance company (1) Allow example (1) The resident will not be able cannot claim the full amount from both insurance companies (1) as under indemnity the resident cannot make a profit from a loss (1) The insurance companies will split the amount of loss/claim (1) and pay out a proportion each of the loss (1) <p>(1 mark per point plus up to 3 marks for development)</p>	(4)

Question Number	Answer	Mark
17 (d)	<ul style="list-style-type: none"> • Fiona has under-insured her goods (1) by £1 000 (1) this is against the principle of indemnity (1) where you cannot make a profit from a loss (1) and she will only receive £7 000 in compensation (1) will therefore have to pay the other £6 500 herself (1) and receive nothing/cannot claim for the jewellery (1) as she had no insurable interest (1) <p>(One mark per point plus up to 3 marks for development)</p>	(4)

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