

# Cambridge O Level

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**COMMERCE****7100/22**

Paper 2 Written

**May/June 2025****MARK SCHEME**Maximum Mark: 80

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**Published**

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

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

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

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

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This document consists of **28** printed pages.

**PUBLISHED****Generic Marking Principles**

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

**GENERIC MARKING PRINCIPLE 1:**

Marks must be awarded in line with:

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

**GENERIC MARKING PRINCIPLE 2:**

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

**GENERIC MARKING PRINCIPLE 3:**

Marks must be awarded **positively**:

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

**GENERIC MARKING PRINCIPLE 4:**

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

**GENERIC MARKING PRINCIPLE 5:**

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

**GENERIC MARKING PRINCIPLE 6:**

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

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

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

From this it follows that we:

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

**2 Presentation of mark scheme:**

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

**3 Calculation questions:**

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

**4 Annotation:**

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











**Annotations guidance for centres**

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

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

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

**Annotations**

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

Question	Answer	Marks	Guidance
1(a)(i)	<b>Define <i>global market</i>.</b> <ul style="list-style-type: none"> <li>Where goods/services are bought/sold/traded worldwide/internationally/globally between countries</li> </ul>	1	
1(a)(ii)	<b>State <u>one</u> mode of transport that might be included in 'Other freight'.</b> <ul style="list-style-type: none"> <li>Waterways/river/canal</li> <li>Pipeline</li> </ul>	1	
1(a)(iii)	<b>Calculate the total value of global freight carried by road and rail transport. Show your working.</b> <ul style="list-style-type: none"> <li>Answer = \$108 bn (2)</li> <li>Method <math>27\%</math> of \$400 bn = <math>0.27 \times \\$400</math> bn (1)</li> </ul>	2	

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Question	Answer	Marks	Guidance
1(b)	<p><b>Explain <u>two</u> reasons why the percentage of global goods carried by air is low.</b></p> <ul style="list-style-type: none"> <li>• Air is expensive/ it is cheaper by other methods/modes/ways (1) compared to other modes/or example such as road/rail/sea/increases costs/not cost-effective/not affordable (1)</li> <li>• Air has limited carrying capacity/less space (1) to carry goods in bulk/more space on sea transport/other transport methods (1)</li> <li>• Not suitable for bulky goods (1) compared to sea transport/weight restrictions (1)</li> <li>• Not suitable for certain products (1) e.g. dangerous goods or example such as explosives (1)</li> <li>• Not suitable for fragile goods (1) easily damaged (1)</li> <li>• Trans-shipment is needed/less flexible (1) as most airports located outside cities/near markets (1)</li> <li>• There may be delays (1) due to bad weather (1)</li> <li>• Environmental concerns (1) pollution/high carbon footprint (1)</li> <li>• Documentation (1) can be complex (1)</li> <li>• Some goods are not urgent (1) example/better to use sea/rail/road</li> </ul>	<b>4</b>	



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Question	Answer	Marks	Guidance
1(c)	<p><b>Do you think businesses should use less packaging when transporting goods? Give reasons for your answer.</b></p> <p>Yes – can save a business time (1) money (1) which can be then used elsewhere in the business (1) less packaging can be assembled quickly (1) means less weight (1) results in less manpower involved (1) saving labour costs (1) and more packages leaving the premises (1) less packaging can mean quicker stacking of goods (1) and more warehouse space to store more products (1) saving warehouse costs (1) less material used in packaging equals less waste in landfills (1) more packaging means more vehicles to transport the goods (1) leading to (1) environmental damage (1) negative externalities (1) pollution (1)</p> <p>No – less packaging may mean that it is insufficient/not secure (1) needs to be strong enough to protect/preserve/secure the product (1) from handling/heat/dirt (1) to reach the destination safely/to be safe (1) otherwise there will be an increased risk of damage/breakages (1) example, such as fragile goods (1) leading to reduced sale price (1) and less profits (1) less packaging may be unattractive to consumers (1) customers leaving poor reviews (1) less customer satisfaction (1) leading to less demand for a business's goods (1) need to prevent losses (1) and reputation/brand image being affected (1)</p>	3	
1(d)	<p><b>Circle the correct answer to complete each of the following sentences.</b></p> <p>The transport document that shows the freight charged for goods is a <b>bill of lading</b>.</p> <p>Businesses search for sustainable transport solutions to <b>save money</b>.</p>	2	

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Question	Answer	Marks	Guidance
1(e)	<p><b>Discuss how important it is for retailers to locate their shops near to transport links. Give reasons for your answer.</b></p> <p>Location factors include labour, closeness to markets, raw materials, power, competition and communications. Transport links are places to travel from and to, like railway stations and airports.</p> <ul style="list-style-type: none"> <li>• Being close to transport links enables retailers' customers to easily transport/carry bulky goods</li> <li>• If it is a physical retailer that relies on footfall, they are likely to receive more passing trade as customers have easier access to the shops/waiting at bus/rail stations so increasing sales</li> <li>• Retailers need to have access to a variety of transport methods to ensure that the items are not left too long in the shop taking up too much storage space/perishable goods stay fresh</li> <li>• Large retailers can gain supplies from regional distribution centres who are located near major road networks</li> <li>• It is more efficient/saving costs so increasing profits</li> <li>• Reduces delays/speedier to receive send supplies</li> <li>• Easier for customers to use click and collect service increasing customer loyalty</li> <li>• Good transport links help to widen job-search area for employees so that they are happier to commute to work/improves access for employees/easier for retail staff to travel to work</li> <li>• Good transport links can encourage retailers to locate near each other and share services</li> <li>• Ecommerce stores will benefit being near to road networks for more efficient delivery of goods</li> </ul>	<b>6</b>	<p>Up to 2 marks for <b>describing</b> location factors/transport links/retailers</p> <p>Up to a further 2 marks for <b>analysing</b> the importance for retailers locating their shops near to transport links.</p> <p>Up to a final 2 marks for <b>evaluating</b> the importance for retailers locating their shops near to transport links.</p>

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Question	Answer	Marks	Guidance
1(e)	<ul style="list-style-type: none"> <li>• However, competition may be more important than transport links as customers might buy at rival shops</li> <li>• However, proximity to suppliers might be more important to obtain stock quickly.</li> </ul> <p>Note: Allow other relevant points</p> <p><b>Evaluation:</b> Being near to transport links is clearly an important location factor for retail stores and logistics. However, many people prefer to drive to shops. If this is the case, retailers need to be sure that there is enough parking available. Other location factors such as competition, income levels, security and availability of labour are also important to retailers.</p>	<b>6</b>	

**PUBLISHED**

Question	Answer	Marks	Guidance
2(a)	<b>Define <i>credit</i>.</b> <ul style="list-style-type: none"> <li>Buy now and pay later/paying for goods later/a form of borrowing</li> </ul>	1	
2(b)	<b>State two features of a department store, apart from credit facilities.</b> <ul style="list-style-type: none"> <li>Large shop/multiple floors</li> <li>Divided into departments/sections</li> <li>Located in city centres/shopping centres/commercial areas</li> <li>Sell a large variety/wide range of goods</li> <li>High prices</li> <li>One-stop shopping/all goods under one roof</li> <li>Delivery</li> <li>After-sales service</li> <li>Lifts/escalators</li> <li>Long opening hours</li> <li>ATMs</li> <li>Security/CCTV</li> <li>Many facilities or e.g., restaurants/toilets</li> <li>EPOS.</li> </ul>	2	

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Question	Answer	Marks	Guidance
2(c)	<p><b>Ahmad wants to buy a new computer.</b></p> <p><b>Do you think it is a good idea for Ahmad to use a store card to finance this purchase? Give reasons for your answer.</b></p> <p>Yes – goods obtained/can use immediately (1) on credit (1) computer can be expensive (1) can afford to buy (1) as able to pay later/within a set period (1) easier to budget (1) and if paid within the period, no interest charge paid (1) can build up a good credit rating (1) can obtain loyalty points (1) rewards (1) free gifts (1) discounts/offers/promotions (1) so this makes it cheaper/saving money (1) for the customer to obtain other products (1) does not have to carry cash (1) prevents any theft of cash (1)</p> <p>No – Ahmad may be tempted to overspend/impulse buying (1) high interest rates/interest to be paid (1) still needs to be paid back (1) leads to bad debts/debt (1) if not repaid within the period (1) may need to have a satisfactory credit limit to afford the computer/his credit limit may be insufficient to purchase the computer (1) can only use the store card in DS department store (1) may not obtain enough loyalty points (1) to make the card of sufficient benefit to the customer (1).</p>	3	

Question	Answer	Marks	Guidance	
2(d)		3		
				\$
	Inventory			370 000
	Bank overdraft			45 000
	Cash			20 000
	Trade payables			310 000
	<p><b>Using Fig. 2.1, calculate the working capital for DS. Show your working.</b></p> <ul style="list-style-type: none"><li>Answer = \$35 000 (3) Method = Current assets (\$370 000 + \$20 000) = \$390 000 (1) Current liabilities (\$45 000 + \$310 000) = \$355 000 (1) Working capital = current assets (\$390 000) – Current liabilities (355 000)</li></ul>			

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Question	Answer	Marks	Guidance
2(e)	<p><b>DS is considering leasing space in their store to a clothing brand.</b></p> <p><b>Discuss whether DS should lease space in its store to another business. Give reasons for your answer.</b></p> <p>Leasing is a method of acquiring/renting assets without owning them. A leased department is a space within a store leased to a third party. The entity that leases the space typically runs the space as a separate business from the host store.</p> <ul style="list-style-type: none"> <li>• Department stores can generate new revenues/provides cash by offering leased departments to a clothing brand so could use extra income to buy more stock</li> <li>• Receives money but still owns the store/less need to borrow money</li> <li>• Using Fig. 2.1, DS has current liabilities that need to be paid back</li> <li>• By selecting the right type of brand to which it can lease space, a department store may also create interest in the overall department store and generate new customers from different demographics. Leasing space, therefore, has the potential to both bring in new customers.</li> <li>• A department store needs to offer brands that generate interest from customers. Whether the department store sells electronics, clothing, shoes or books, increasing the customer base generates traffic and increases the revenue for the department store.</li> <li>• Utility bills could be shared reducing costs</li> <li>• A good brand will attract new customers into the store so can increase sales/profits could use this to expand</li> <li>• However, DS might lose their own customers to the new clothing brand resulting in reduced clothing sales</li> </ul>	<b>6</b>	<p>Up to 2 marks for <b>describing</b> leasing/clothing brands</p> <p>Up to a further 2 marks for <b>analysing</b> the advantages/disadvantages of leasing space to another business</p> <p>Up to a final 2 marks for <b>evaluating</b> whether DS should lease space to another business</p>

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Question	Answer	Marks	Guidance
2(e)	<ul style="list-style-type: none"> <li>• However, DS might need to use this space to display new products in future</li> <li>• However, DS still needs to maintain this space area so adding to costs</li> <li>• However, the store might be less inviting to walk around if space is large, so reducing customer satisfaction</li> <li>• However, branding requires the department store to consider the specific brands offered by the leased department and make sure that these brands don't interfere with other businesses leasing departments or with brands sold directly by the department store host. The department store therefore needs to find a balance between the goods sold by the leased departments and the host department store.</li> <li>• However, before offering a leased space to a specialised business, the department store should consider the new customer brand and make sure this new clothing brand will benefit the department store.</li> <li>• However, there may be conflict with the clothing brand e.g. over displays.</li> </ul> <p>Note: Allow other relevant points</p> <p><b>Evaluation:</b> Department stores require a constant stream of customers to remain profitable and survive on the high street. Although increased traffic doesn't always translate to a sale, the interest created by increased traffic creates new revenue possibilities for the department store. Leased department ventures, however, don't always work out for the department store or the business leasing the space. Department stores should, therefore, use trial and error and data from previous leased departments to find the right kind of companies to which they may lease the spaces in their store.</p>	6	



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Question	Answer	Marks	Guidance
3(a)	<p><b>Explain what is meant by an export order.</b></p> <ul style="list-style-type: none"> <li>A document of international trade (1) acts as a request/order made by the importer/buyer in one/foreign country/another country (1) to buy/order/import goods from another/different country (1)</li> </ul>	2	
3(b)	<p><b>Describe how FF Ltd will contribute to India's Balance of Trade.</b></p> <ul style="list-style-type: none"> <li>FF Ltd is exporting more goods to United States/adding to the total exported goods/visible goods of the country/increasing exports/by \$30 million/more foreign exchange (1) India has a balance of trade surplus/favourable/positive/improves balance of trade (1)</li> </ul>	2	
3(c)	<p><b>Explain the effect on FF Ltd if the United States introduces import quotas on canned meat from India.</b></p> <ul style="list-style-type: none"> <li>Quotas place a limit on the number/volume of imported canned meat from India (1) reduces the quantity of goods that FF Ltd can export/import into United States/leading to less revenue/sales/profits for FF Ltd/less dumping of goods on the United States market by FF Ltd (1)</li> </ul>	2	

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Question	Answer	Marks	Guidance		
3(d)	<p><b>FF Ltd is experiencing a delay with the delivery of this export order and needs to communicate with the customer.</b></p> <p><b>Evaluate whether FF Ltd should use written or oral communication to communicate with the customer. Discuss both options. Which option do you recommend? Give reasons for your answer.</b></p> <p>Oral communication is two-way communication/face-to-face/directly speaking/telephoning or talking to someone Written communication may be handwritten, typed, printed or electronically generated such as letters and email.</p> <p><b>Oral communication:</b></p> <ul style="list-style-type: none"> <li>• FF Ltd can have a discussion with the importer so that any points not understood can be clarified</li> <li>• There is direct contact so less confusion</li> <li>• It can give immediate impact/feedback so that a decision on the delivery issue can be reached quickly</li> <li>• It is interactive so is likely to be more effective for both parties</li> <li>• Body language can be observed helping to show person's feelings</li> <li>• There is no written record so agreed points may be misheard or misunderstood</li> <li>• The communication may be poorly organised leading to confusion</li> <li>• There may be network problems leading to delays</li> <li>• Potential language differences leading to less understanding</li> </ul>	8	Level	Mark	Description
			3	7–8	The candidate is able to offer a recommendation with a thorough evaluation of the two types of communication for the FF Ltd to use.
			2	5–6	Candidate offers a satisfactory analysis of the use of one or two types of communication for the FF Ltd to use.
			1	1–4	Candidate demonstrates some knowledge and understanding of types of communication with application to FF Ltd/importer.
			0	0	No creditable response.

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Question	Answer	Marks	Guidance
3(d)	<p><b>Written communication:</b></p> <ul style="list-style-type: none"> <li>• A written record is kept that both parties so useful for future reference if there is an error so less chance of misunderstanding</li> <li>• It allows time for planning a response to the delivery problem so that appropriate feedback can be given</li> <li>• Multiple copies can be sent to several people so making it cost-effective</li> <li>• Less possibility of information being distorted so fewer chances of misunderstandings/disputes</li> <li>• Instant feedback is not usually possible so delaying response to problem (L2)</li> <li>• There is more time to prepare/deliver message so there may be delay in replying</li> <li>• Emails can go into junk folder so delaying communication</li> </ul> <p>Note: Allow other relevant points</p> <p><b>Evaluation:</b> It is not known whether the delivery issue is urgent but if so, it is recommended that they use a method of oral communication, such as telephone, to gain immediate contact. If not quite so urgent, a written communication method, such as an email, might be used so a written record is created. A written form would be best when there is a problem so there cannot be any later confusion/disagreement.</p>	8	

**PUBLISHED**

Question	Answer	Marks	Guidance
4(a)	<p><b>Identify the <u>two</u> sectors of production that Jinani is involved in.</b></p> <ul style="list-style-type: none"> <li>• Primary</li> <li>• Tertiary</li> </ul>	<b>2</b>	
4(b)	<p><b>Explain <u>one</u> reason why Jinani only accepts payment by cash.</b></p> <ul style="list-style-type: none"> <li>• Immediate payment/Jinani does not want to wait for payment/quicker transaction (1) providing credit would delay this process/improves cash flow (1)</li> <li>• Accepting cheques or credit could lead to bad debts (1) if the cheque bounces/customers do not pay/add to costs (1)</li> <li>• Does not want to pay for bank for credit card/transaction charges (1) does not want to pay extra for low-priced items/does not want to pass credit card fees onto customers by increasing fruit/vegetable prices (1)</li> <li>• Cash is legal tender (1) has to accept cash (1)</li> <li>• Cash helps Jinani's cash flow (1) to pay for more stock (1)</li> <li>• May not have electricity/network/equipment for cashless payment methods (1) to swipe cards/make transfers (1)</li> <li>• Does not have to worry about credit card fraud/scams (1) which involves time/money/cash cannot be hacked (1)</li> </ul>	<b>2</b>	

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Question	Answer	Marks	Guidance
4(c)	<p><b>Explain how a wholesaler assists in stabilising the price of fruit and vegetables.</b></p> <ul style="list-style-type: none"> <li>Wholesalers warehouse/store the fruit and vegetables (1) by buying, for example apples, at harvest time/ahead of demand (1) and releasing them gradually over the year (1) by having constant/controlling supply (1) the wholesaler can reduce the wider price fluctuations (1) when prices of fruit and vegetables increase (1) to avoid shortages (1) the wholesaler by meeting the demand by supplying fruit and vegetables (1) to charge an equilibrium price (1) this is a result of supply and demand (1)</li> </ul>	<b>3</b>	

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Question	Answer	Marks	Guidance																														
4(d)	<p><b>Using the information given in Fig. 4.1, complete (i)–(ii) on the statement of account.</b></p> <div><p style="text-align: center;"><b>STATEMENT OF ACCOUNT</b></p><div><div>To: Jinani fruit and vegetables Market Road Lahore</div><div>From: FV Wholesalers High Road Lahore</div></div><p>Date: 30 April 2025                      Terms: 5 % 30 days</p><table><tr><th>Date</th><th>Details</th><th>Debits \$</th><th>Credits \$</th><th>Balance \$</th></tr><tr><td>2 April</td><td>Invoice</td><td>150</td><td></td><td>150</td></tr><tr><td>9 April</td><td>Invoice</td><td>180</td><td></td><td>330</td></tr><tr><td>16 April</td><td>Credit note</td><td></td><td>60</td><td>(i) 270 (1)</td></tr><tr><td>23 April</td><td>Invoice</td><td>140</td><td></td><td>(ii) 410 (1)</td></tr><tr><td>30 April</td><td>Invoice</td><td>115</td><td></td><td>555</td></tr></table></div> <p style="text-align: center;"><b>Fig. 4.1</b></p>	Date	Details	Debits \$	Credits \$	Balance \$	2 April	Invoice	150		150	9 April	Invoice	180		330	16 April	Credit note		60	(i) 270 (1)	23 April	Invoice	140		(ii) 410 (1)	30 April	Invoice	115		555	2	
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4(e)	<p><b>Explain the meaning of Terms: 5 % 30 days.</b></p> <p>5 % of the invoice total is deducted/taken as discount (1) if paid within 30 days (1)</p>	2																															

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Question	Answer	Marks	Guidance		
4(f)	<p><b>Some businesses do not accept payment by cash. Evaluate the advantages and disadvantages to businesses of only accepting cashless payments.</b></p> <p>Cashless payments are when consumers buy goods and services from a business using electronic methods of payment. Businesses allow payments with cards or through apps, but they do not accept cash.</p> <p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• Reduces operation costs as there is no need for armoured trucks to pick up money/or banks to charge fees for accepting coin deposits</li> <li>• Checkout efficiency reduces queue times more customer satisfaction</li> <li>• Payment gets validated automatically/more accurately than making mistakes with cash handling so preventing in losses</li> <li>• Quicker checkout is preferred by customers so more likely to attract new customers or to shop online</li> <li>• Greater security/less theft leading to less loss of money</li> <li>• Saves time to process payments as no need to hire staff to count cash/go to bank to deposit money</li> <li>• Less need for administration as more of these tasks carried out by banks/financial providers</li> <li>• Transaction tracking leading to better overview of the business' finances</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• Transaction fees e.g. credit card companies charge processing fees with tight profit margins businesses can lose money on some transactions because of these fees</li> <li>• Outages can happen leaving the business unable to trade/operate</li> </ul>	8	Level	Mark	Description
			3	7–8	The candidate is able to offer a thorough evaluation of the advantages and disadvantages to businesses of only accepting cashless payments.
			2	5–6	Candidate offers a satisfactory analysis of the advantages and/or disadvantages to businesses of only accepting cashless payments without evaluation.
			1	1–4	Candidate demonstrates some knowledge and understanding, with application to businesses, of cashless payments.
			0	0	No creditable response.

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Question	Answer	Marks	Guidance
4(f)	<ul style="list-style-type: none"> <li>• Customer digital exclusion as some people have no other payment option besides cash, so cashless businesses cannot offer products to people without access to electronic payment methods</li> <li>• Dependent on technology so vulnerable to disruption</li> <li>• Privacy/fraud concerns exposing personal information to a possible data breach can result in a business being a target for hackers stealing customers data/money causing reputational damage to a business</li> <li>• Challenges in remote/rural areas to provide digital payment options may affect business expansion</li> </ul> <p>Note: Allow other relevant points</p> <p><b>Evaluation:</b> With the many technological and societal moves towards digital and virtual financial transactions, cash currency is becoming less and less common. It does not benefit consumers who still prefer to pay in cash or do not have a bank account. However, the shift to a fully cashless society for businesses has some potential drawbacks, and only time will tell whether cash holds a special niche.</p>	8	



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Question	Answer	Marks	Guidance
5(a)(i)	<b>Which method of appeal is shown in Fig. 5.1?</b> <ul style="list-style-type: none"> <li>Rational/love of a bargain/discount/special offer/saving money/safety</li> </ul>	1	
5(a)(ii)	<b>Do you think this poster is an effective advertisement? Give reasons for your answer.</b> <p>Yes – It is persuasive (1) customers will like receiving a discount (1) can lead to impulse buying (1) appealing phrases such as ‘Just for you’/‘Ride and save’ (1) use of bold font for effect (1) has a deadline (1) increasing urgency to take up offer (1) having insurance protection (1) giving trust to go on rides (1) as they have a 5-star rating (1) will attract customers/increase sales (1)</p> <p>No – It is confusing (1) there are too many numbers (1) lots of 10s (1) is it 10 % or up to 10 %? (1), no movement or images or sound (1) not in colour (1) not eye-catching (1) short lifespan (1), no contact information (1) no brand name (1) no location given (1) so consumer does not know where to go (1) no contact details (1) not eye-catching (1).</p>	3	

Question	Answer	Marks	Guidance												
5(b)	<p><b>Which of these statements about insurance are true and which are false?</b></p> <p>Tick (✓) TRUE or FALSE in the correct column.</p> <table><thead><tr><th></th><th>TRUE</th><th>FALSE</th></tr></thead><tbody><tr><td>The theme park is the insurer providing insurance protection.</td><td></td><td>✓</td></tr><tr><td>Public liability insurance covers claims from customers due to an accident on a ride.</td><td>✓</td><td></td></tr><tr><td>Theme park discount codes can reduce insurance premiums.</td><td></td><td>✓</td></tr></tbody></table>		TRUE	FALSE	The theme park is the insurer providing insurance protection.		✓	Public liability insurance covers claims from customers due to an accident on a ride.	✓		Theme park discount codes can reduce insurance premiums.		✓	3	
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Question	Answer	Marks	Guidance
5(c)	<p><b>Evaluate <u>two</u> important insurance principles when making a claim for fire damage to a theme-park building, costing \$400 000 to repair. Give reasons for your answer.</b></p> <p>Indemnity is when the insured is placed in the same position after a loss as before the loss with no profit made.  Insurable interest means that the insured needs to have a direct financial interest to receive the claim.  Utmost good faith means that both the insurer and the insured must be honest when giving information.  Contribution occurs when a person is in a position to claim for a loss for the same risk from more than one insurance company.  Subrogation is when no one can be compensated and then retain the rights to the property that has been compensated for.</p> <ul style="list-style-type: none"> <li>• With indemnity, the insured can only claim back the amount of loss from the fire; they cannot claim back more than the damaged assets are worth; otherwise, a business owner could over-insure to gain more than \$400 000.</li> <li>• If the insured under-insures they cannot claim back the \$400 000, as shown by the average clause formula, where the building owner will have to contribute to any loss.</li> <li>• With insurable interest, a person cannot claim the \$400 000 if they do not own the building so they cannot take out a policy on the building or gain compensation from it.</li> <li>• With utmost good faith, the business would not receive any money if they lied about what the building contained, e.g. saying that it did not contain flammable materials when it did.</li> </ul>	<b>6</b>	<p>Up to 2 marks for identifying and <b>describing</b> insurance principles.</p> <p>Up to a further 2 marks for <b>analysing</b> the importance of insurance principles when making its insurance claim.</p> <p>Up to a final 2 marks for <b>evaluating</b> which insurance principle is most important in when making its insurance claim.</p>

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Question	Answer	Marks	Guidance
5(c)	<ul style="list-style-type: none"> <li>• With contribution, the insurance companies share the amount of the financial loss and pay out a share of the claim in proportion to the premium paid. So, if the building owner insured with two insurance companies, each company would pay out \$200 000</li> <li>• With subrogation, the insurance company will be allowed to pay the theme park's losses while seeking payment or reimbursement from the third party that may have caused the fire.</li> </ul> <p><b>Evaluation:</b> All insurance principles are important when making a claim. With indemnity, it is important to have the cost of the damage restored so that the business can start again. However, if the building is not owned by the person making the claim or they lied about the building on the proposal form, the policy will be void and they will not receive any compensation. Therefore, utmost good faith is probably the most important principle on the grounds that you lose everything if the truth has not been told, but if the insured owns the building and is completely honest then indemnity is more important to them.</p>	<b>6</b>	