

COMMERCE

Paper 7100/01

Paper 1

<i>Question Number</i>	<i>Key</i>	<i>Question Number</i>	<i>Key</i>
1	D	21	B
2	B	22	C
3	D	23	A
4	A	24	B
5	C	25	C
6	D	26	B
7	D	27	A
8	C	28	A
9	C	29	C
10	D	30	B
11	B	31	D
12	C	32	D
13	D	33	D
14	B	34	C
15	A	35	A
16	B	36	B
17	D	37	A
18	C	38	A
19	B	39	C
20	B	40	A

The multiple choice paper set consisted of 40 4-option items with some questions involving pictorial or diagrammatic data and some asking candidates for calculations.

The mean was 26.36 with a standard deviation of 5.72. No candidate scored below 9 marks but only one candidate achieved full marks.

Candidates found the following questions relatively easy and most candidates answered them correctly – **Questions 1, 3, 7, 9, 14, 15, 16, 18, 23, 37, 38** and **39**. One of these questions involved calculations - **Question 37**.

Candidates found **Questions 28** and **36** particularly difficult. **Question 28** relating to insurance compensation revealed an element of guessing. Option **A** was the correct answer but many candidates chose Option **C** forgetting that Mrs Fong had over-insured her property. In **Question 36** where Option **B** was the correct answer, many candidates were unfamiliar with the sources of finance listed and thought that shares, Option **C** was the correct answer. Option **C** proved to be a positive distracter here. The other two options also attracted responses.

Candidates were uncertain about the correct answers to four of the items where large and equal numbers of candidates were choosing each option, indicating that there was a large element of guesswork. This applied to **Question 10** concerning the credit note, **Question 12** on the bank giro credit, **Question 13** on the differences between direct debit and standing order – always a difficult topic for candidates and **Question 29** relating to insurance documents.

Some items posed problems for candidates who chose a particular distracter rather than the correct answer. In **Question 11** Option **A** attracted a large number of responses instead of the correct option, **B**. In **Question 20** many candidates did not understand point-of-sale advertising, advertising at the till and thought that Option **A** was the correct answer instead of Option **B**. Candidates did not understand the reason for insurance in **Question 27**. They thought that taking out insurance would prevent the factory catching fire, Option **D**, instead of Option **A**.

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Paper 7100/02

Paper 2

General comments

Paper 2 offered the candidates a choice of four from eight structured questions.

The paper proved to be quite testing for many candidates. It gave the stronger candidates opportunities to show their ability whilst presenting weaker candidates with chances to gain reasonable marks. There was an incline of difficulty in each question with easy part questions designed for all candidates to score marks and some more demanding elements. The paper differentiated well and a wide spread of marks was received.

Many candidates achieved very good marks and showed a good knowledge of commercial practice. Their answers were usually thoughtful, neatly presented and they showed a good command of English. They wrote at length, discussed the topics chosen and often used local examples. Examiners commented on the neat presentation of most scripts with few scripts that were very difficult to read.

There were, however, many candidates who achieved below 40 marks. They misunderstood some of the questions e.g. **Question 1 (d) (i)**, wrote brief answers to questions where large numbers of marks were allocated or did not read the questions properly. Some candidates had language difficulties and some lacked sound knowledge of the topics chosen. These candidates were, however, able to score some marks where the data given was tested and often when answering a numerical question.

The time allocation for the paper seemed to be adequate but there was some evidence of incomplete papers because of time constraints. There were some scripts with gaps in answers but this was probably due to lack of knowledge of the subject matter. A few candidates disobeyed the rubric and answered more than four questions.

Questions 1, 2, 4, 7 and 8 were the most popular questions chosen by most candidates.

Questions 3 and 6 were the least popular. Often scores seemed well balanced whatever choice of questions candidates made.

Comments on individual questions

Question 1

Part **(a)** was well answered with many developed answers showing why traders may sell at a loss e.g. loss leaders, to dispose of old stock, to maintain market share. Some answers to Part **(b)**, whilst defining trade as buying and selling for profit, overlooked the watch manufacturer's need to buy raw materials necessary for making watches. Some candidates, mistakenly, concentrated on the aids to trade rather than trade itself.

Most candidates were able to comment on Part **(c)** with many noting that if there were no consumers, there would be no trade. Some answers to Part **(d) (i)** were off the point with candidates trying to show how trade and banking were independent rather than interdependent. Many candidates scored full marks for this question with a wide range of banking services to traders being discussed. Answers to Part **(d) (ii)** were often disappointing, commenting on the general points about advertising rather than applying their answers to the global market. It was hoped that candidates would comment on the use of the Internet, multinational companies and mass media used world-wide rather than the functions of advertising.

Question 2

Many candidates scored good marks on Part **(a)**. Many concentrated on payment methods rather than looking at the wider functions of the current account. Answers to Part **(b)** were rather sparse with candidates concentrating on savings and interest with very little other comment. In Part **(c)** candidates showed improved understanding of the use of the debit card as a means of payment. Some thought that the question demanded comment also on the credit card. In Part **(d)** many candidates thought that the interest was the same. Others showed convincingly that interest paid would differ and were able to comment in detail on both the loan and the overdraft as a means of borrowing. Most candidates calculated the interest paid correctly but many also added it to the principal sum borrowed. They still obtained the marks.

Question 3

Part **(a)** produced a mixed response from candidates, some of whom confused rate of turnover with turnover itself. In Part **(a) (ii)** there were many well reasoned answers, particularly linking the fall in the rate of turnover with the nature of the fashion industry and showing how Aster Ltd, as a multiple chain store, would not be worried about it in the short-term. Part **(b) (i)** was not always well answered. The term unit retailer confused many who thought it was an example of a large-scale retailer. Others gained the two marks for two characteristics of a unit or small retailer. Part **(b) (ii)** was well debated with sound knowledge of both bar coding and self service being shown by many candidates who related their answers to unit retailers. Marks were allowed for the definitions of both bar coding and self service. Some candidates confused department stores with multiple chain stores in Part **(c) (i)** but others achieved the easy three marks. Answers to Part **(c) (ii)** were often disappointing. If candidates did not understand the term e-commerce they tended to write about visiting the department store. Other candidates showed sound knowledge of the advantages of shopping online and using the Internet.

Question 4

This popular question produced some very good responses. Most candidates scored the mark for Part **(a)** and usually showed sound knowledge of the differences between orders and invoices in Part **(b)** for four easy marks. Some candidates thought that Miss Phiri was going to set up a mail order firm but most offered good reasoning as to why she might prefer to use a mail order company. The calculation in Part **(e) (i)** was usually completed correctly. In Part **(e) (ii)** few candidates achieved full marks mainly because they failed to provide valid reasons for not using the methods of payment rejected for the goods supplied by mail order. Answers revealed a lack of understanding of credit transfer and many provided reasons for using/not using certain methods of payment which applied more to the mail order company than to Miss Phiri herself.

Question 5

Sound understanding of the work of a Customs Officer was shown in Part **(a)**. The bonded warehouse was usually accurately described in Part **(b)** but many candidates omitted comment on other kinds of warehouses. Unfortunately most candidates showed no knowledge of the work of a seaport in relation to international trade and tended to write about how sea transport contributes to international trade. Answers that gained marks mentioned bonded warehouses, docks, freeports, deep sea waterways, repair and refuelling facilities and accommodation for traders and customs officials. Answers to Part **(d)** were also disappointing. Candidates were able to produce lists of methods of communication or to mention the advantageous features of specific methods of communication but most answers lacked any discussion or any comment on the relevance of these methods of communication to shipping and forwarding agents. The question asked for a discussion. Most responses were superficial and lacked reasoning.

Question 6

Those candidates who chose this question usually scored well. Many candidates attempted a complicated calculation for Part **(a) (i)**, though the award of one mark only should have prompted further thought. The majority of answers to Part **(a) (ii)** were deserving of the full three marks with many candidates appreciating the likelihood of increased sales if credit cards are accepted. Part **(c) (iii)** was not so well answered with candidates suggesting rates of interest and the use of promotional gifts as the main differences between the two types of card instead of writing about the issuing source and scope of use. Answers to Part **(b)** were often realistic and sound although the suggestion regarding suing the shop was not appropriate in this case. Part **(c)** relating to taking out insurance was very well answered by those candidates who read the whole of the question and did not merely reproduce the names and definitions of the two insurance principles. Some candidates comfortably achieved full marks with answers worthy of higher accreditation.

Question 7

Candidates usually like questions on transport but they often write what they know about the subject rather than relate their knowledge to the question asked. Part **(a)** was not always accurate with many candidates saying road/sea/ship rather than identifying the actual means of transport i.e. truck/lorry and container ship. Most candidates scored full marks for Part **(b)** because some leniency was allowed about the choices made from the data, but some thought that the furniture would be transported by road. Some very well written answers were seen to both Parts **(c)** and **(d)** with many candidates appreciating that there are now many more aircraft, they are larger and there are more airports capable of handling freight. Some candidates gave worthwhile examples of goods carried by air but some candidates still think that air transport is cheap and that there is little documentation. Some candidates wrote about sea transport rather than air transport. Answers to Part **(d)** often concentrated on protection of the goods but some were able to appreciate that goods carried by containers needed less handling because of mechanised loading and unloading and because they were packed at the place of manufacture and unpacked at the end of the journey.

Question 8

Many candidates scored full marks for Part **(a)** but some failed to offer a developed answer in order to gain both marks. Part **(b)** was often well answered and most candidates were able to come to a decision about the partners' path to expansion. Often answers lacked good analysis of all the three options and the recommendation was often based on repeated comment. Some candidates confused a private limited company with a public limited company. In Part **(c)** candidates did not often relate their answers to the manufacturing company but they were able to identify the advantages of limited liability and continuity. Part **(d)** drew a mixed response revealing either a sound knowledge of working capital or misunderstanding of the concept. A definition of working capital gained marks and worthwhile examples of the use of working capital were rewarded. Those candidates who commented on discounts, paying short-term liabilities and saving the need to borrow usually gained full marks. Most candidates recognised that an overdraft was not a suitable way to increase working capital but very few identified it as an added liability so that it would add to the total of current liabilities.