

COMMERCE

Paper 7100/01

Multiple Choice

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

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

The mean was 26.026 with a standard deviation of 6.181. The mean had decreased by over three compared with last year. No candidate scored below 6 marks and no candidate achieved full marks. The standard of work overall was not as good as that achieved last year.

Candidates found the following questions relatively easy and most candidates answered them correctly – **Questions 2, 3, 5, 6, 8, 10, 13, 19, 23, 25, 27, 29, 33, 34, and 36.**

Some of the items that included pictures, diagrams or data were accurately answered e.g. **Question 2** and **Question 36**. In **Question 11** a number of candidates chose option B instead of option A, the correct answer. In **Question 14** some candidates chose options B and D. In **Question 20** about informative advertising there seemed to be an element of guessing. Option C was the correct answer. Many candidates coped well with questions including numerical data such as **Questions 4, 16** and **40** but **Question 30** on making insurance claims caused difficulty. Few candidates understood that Tariq had underinsured his sports car. Many candidates chose option C, half the value of the car rather than option B. 50% of the insured value of the car.

Candidates found some questions particularly difficult. In **Question 1** many candidates regarded the tertiary sector as consisting of extractive and manufacturing industries rather than taking the wider definition given in the question, option C, the correct answer. In **Question 7** candidates confused department stores with shopping centres and many candidates chose option C. In **Question 17** candidates confused the Balance of Trade with the Balance of Payments. In **Question 21** candidates failed to appreciate that a text book would have a particular target market. Many candidates chose option D, posters, instead of direct mail, option B. There was an element of guessing in **Question 26** on functions of port authorities with most options attracting answers. Option D was the correct answer. All options in **Question 35** attracted many responses, again indicating an element of guesswork and lack of understanding about banking services. Option D was the correct answer.

COMMERCE

Paper 7100/02

Written

General comments

Paper 2 requires candidates to answer four questions from a choice of eight. Many of the questions covered more than one topic from the syllabus. For the first time candidates used answer booklets. The paper was taken by candidates from many different countries with a large entry from Pakistan. The standard of work was impressive with the candidates from some Centres producing work of a very high standard and some candidates gaining full marks. There were, as usual some poorly written scripts with candidates attempting all the questions contained in the booklet. Many candidates showed good commercial knowledge and an ability to develop an answer that was applied to a particular topic. These candidates presented thoughtful answers, were able to follow the framework of the question and to make reasoned judgements. They often achieved full marks in the Levels of Response questions which carry a higher mark tariff. Poorer candidates did not answer the questions set, omitted parts of questions and presented very brief answers.

Most questions were accessible to candidates. The structured questions contained some easy parts e.g. **Question 1 (b)(iii), 2 (a), 3 (b), 4 (a), 5 (b) and 8 (a)(i)** but there were also subsections in each question that were more testing e.g. **Question 1 (c), 2 (c), 3 (d), 4 (d), 5 (e), 6 (b), 7 (d) and 8 (b)**. These carried a higher mark tariff.

Most candidates paid attention to the command words or key words of the questions. This was helped by the fact only a few lines were given where brief answers were expected. In questions that required extended writing, it was clear that many candidates had insufficient space to present developed answers. They wrote out into the margins, wrote below the lines given or went on to the back pages of the booklet. It is likely that more lines will be given in future examinations where there is a high mark tariff and a reasoned answer is expected. It is important, however, when using answer booklets that candidates do not write in the margins reserved for Examiners and do not change their handwriting so that it is so small that it is very difficult to read. There were two empty pages at the end of the answer booklet and these, with reference made on the question, could have been used to complete answers.

Some parts of some questions were marked according to Levels of Response e.g. **Question 1 (c), 2 (c), 3 (d), 4 (d), 5 (e), 6 (b), 7 (d) and 8 (b)**. The part questions with the highest mark tariff were usually marked in this way. Those candidates who wrote developed answers and who responded to command words such as 'discuss' and who were able to give reasons for their opinions were able to gain top level marks. Candidates who presented lists for these questions remained in Level 1. It should be remembered that it is not enough to present a list of points, probably memorised from the candidate's lesson notes. It is important to develop these points – to say why something is important or why something is the better choice. If candidates offer some development of their answers, they will then achieve a higher level and so more marks. These questions did, however, differentiate between the good and the poorer candidates.

Many candidates attempted more than the four questions required or all the questions on the examination paper. It is important that candidates read through the whole of the answer booklet before making their choice of questions. Some changed their minds and crossed out half attempted questions – rather a waste of time.

The most popular questions were **Questions 1, 2, 5 and 8**. Few candidates chose to answer **Question 7** about banking.

Comments on specific questions**Question 1**

- (a) Many candidates scored full marks for this question. When differences are required, it is important that clear differences are shown. It is not enough to say, for example, that currencies are the same for home trade and then to say that currencies are different for foreign trade. It is important to say how they are different.
- (b)(i) There was some confusion with Balance of Trade. Visible trade is trade in goods. Examples were awarded marks.
- (ii) Some well reasoned answers were seen highlighting the fact that the country might have been a developing country or might have lacked raw materials.
- (iii) Most candidates answered this question correctly.
- (iv) Candidates usually calculated this correctly but many omitted the dollar sign and also failed to indicate that the answer was in millions.
- (v) The question required candidates to say how the country might increase its export trade, not individual manufacturers. Too many candidates commented on reducing imports and scored few marks.
- (c) Some very well developed answers were seen justifying why foreign trade is more expensive to undertake than home trade. It is important that answers to questions such as this do not consist of lists of how foreign trade is more expensive (Level 1). Examples and explanations of the points made raised answers to Level 2.

Question 2

- (a) Many candidates scored the two marks for this question by defining credit as buy now, pay later.
- (b) Although candidates were able to see that offering credit increased sales, many assumed that retailers earn interest on offering credit. This is not so. Any interest paid by a customer would go to the organisation offering the credit facilities e.g. a finance house or a bank. Good candidates were able to appreciate that the retailer would have faster turnover of stock and competitive advantage.
- (c) This question relating to credit cards or hire purchase posed problems for some candidates. There was some confusion about interest paid when buying using a credit card and confusion also between credit cards and debit cards. There was also some vague reasoning relating to interest charges and instalments. Candidates were asked to recommend, with reasons, one of the methods of credit. Some gave very detailed answers to justify their recommendation. Some candidates were able to substantiate an argument for both forms of credit.
- (d)(i) The most common fault was to think that insurance will protect Clare from a risk e.g. theft actually happening. Many candidates appreciated that the home cinema system was expensive and therefore Clare would suffer financial loss unless she was insured. Some candidates thought that Clare was operating a cinema business.
- (ii) Most candidates gained the two easy marks.
- (e) Candidates usually scored marks for this question but often failed to gain all the marks available. They commented on unscrupulous traders, false claims and misrepresentation but often failed to answer in context.

Question 3

- (a) (i) and (ii) Candidates found this question quite demanding. In part (i) many failed to appreciate that a supermarket would buy in bulk to gain discounts. Candidates who suggested using a wholesaler gained no marks. In part (ii) many candidates appreciated that the wholesaler would be responsible for the distribution of the shoes. The channel of distribution from manufacturer directly to retailer was also allowed.
- (b) This question was well answered with most candidates realising that raincoats are likely to be subject to seasonal demand.
- (c) Again many candidates gained full marks and were able to show how, not why a manufacturer would make use of the Internet.
- (d) Reasons for the elimination of the wholesaler were well understood and well expressed by many candidates. Often these candidates failed to comment on the circumstances where the wholesaler is still used and so did not achieve full marks for the question.

Question 4

- (a) Most candidates gave the correct answer.
- (b) This location question differentiated. Some candidates still think that hypermarkets are located in city centres.
- (c) Often candidates gained full marks. Self service was not allowed as an answer for the department store.
- (d) This was probably the most difficult question on the paper. Candidates were expected to answer in context of the data provided and many did not. Some made sweeping statements about price and many omitted part of the question, either price or non-price methods.
- (e) (i) A large number of candidates confused department stores with shopping centres. Others were able to show the increased competition from hypermarkets and supermarkets and the growth of online shopping as reasons for the decline of the department store.
- (ii) A wide range of suggestions were accepted. Offering self service and developing online services were often mentioned. Relocating to less expensive areas was not accepted.

Question 5

- (a) Many candidates were able to distinguish between advertising and sales promotion. Examples enabled many to gain full marks.
- (b) Many candidates gained two easy marks here.
- (c) (i) Although many candidates gave accurate answers to this question, some failed to appreciate that children were the target market for the toys.
- (ii) Media and methods of sales promotion are not methods of appeal. Motherly love, cartoons and sponsorship by famous people were often given correctly with a reason to support the suggestion.
- (d) (i) and (ii) This question differentiated quite well. Many candidates calculated the selling price of each toy correctly as \$12 or \$12.5 depending on whether net profit was taken as a ratio to cost or to profit. Unfortunately many candidates failed to add \$2 to the cost of making each toy and so gained only one mark. Others subtracted \$2 from \$10 and again scored only one mark. In part (ii) many candidates divided 90 000 by 12 instead of 2 and so the OFR rule was applied.
- (e) Many candidates realised that toys is a competitive market and so chose to recommend competitive advertising. To achieve a good answer to this question a candidate should have defined both competitive and collective advertising and commented also on collective advertising. A few candidates made a convincing argument for collective advertising.

Question 6

- (a) Candidates often failed to show a second function of transport, concentrating on moving raw materials rather than commenting on moving raw materials or moving people.
- (b)(i) Some well reasoned answers written in context were seen. Many recommended air transport but few commented on the need for a fast means of transport in case the tracksuits went out of fashion. Many candidates considered that 5000 tracksuits constituted a bulk cargo and so should be sent by sea transport. Many failed to mention the need for transport by container.
- (ii) A number of candidates failed to understand this question and thought that mention of further advantages of a method of transport was required. The degree of urgency and the budget available were favourite correct answers.
- (c) The advantages of container transport were usually well expressed. Some candidates appreciated that a container could be used as storage space so saving warehousing costs.
- (d) Some candidates understand the work of forwarding agents. Others have not met the term before. Good candidates scored full marks for answers that included arranging transport, dealing with customs, documents, storage and arranging insurance as well as delivering the tracksuits.

Question 7

This question was not popular. In some instances it was well answered but others choosing this question showed little understanding of trends in banking.

- (a)(i) Candidates who stated a bank card, plastic card or ATM card gained no marks. Pin number was correct, password was not.
- (ii) Although cash was mentioned in the question, some candidates gained no marks for writing obtaining cash. Other candidates were able to give a wide range of services offered through ATMs.
- (b) Candidates often failed to make a clear distinction between a bank statement issued by a bank and a statement of account issued by a trader to a buyer purchasing on credit.
- (c) The question required candidates to describe three services provided by Internet or telephone banking. Many candidates wrote about shopping online and others failed to describe the service listed.
- (d) Some interesting answers were seen to this topical question. It is important when answering a question of this kind that comment is made on both topics mentioned in the question i.e. the provision of bank automated services and the closure of bank branches.

Question 8

- (a)(i) Although this question was well answered, some marks were lost by a failure to explain each advantage.
- (ii) Candidates usually scored this mark. According to the amount invested was also allowed as an answer.
- (iii) A large number of candidates understood the differences between sleeping partners and general partners and gained full marks.
- (b) It is important that a question such as this is answered in context. Many candidates thought that Tom was operating as a sole trader not as the major shareholder of a private limited company. Some candidates thought that he might be better off in partnership with others. The majority of answers recommended that the business remained as a private limited company because of the opportunities for raising capital and limited liability for the shareholders of the company.

- (c) (i) and (ii)** Some good understanding of retained profits and trade credit was shown. Some candidates thought that interest was paid on retained profits and others made statements such as 'interest is required'. The question does not indicate this. Other candidates took the opportunity to earn full marks.