

# COMMERCE

**Paper 7100/11**  
**Multiple Choice**

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

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

The mean score was 24.867 with a standard deviation of 5.117. There were 731 candidates. The highest mark was 36 and no candidate scored below 13.

Candidates found the following questions relatively easy and a high facility was achieved – **Questions 1, 3, 5, 10, 17, 18, 26, 27, 28, 31, 32, 33, 35** and **37**.

In **Question 2**, more candidates thought that Option A or Option C were the correct answers than those selecting Option B, the correct answer. Candidates always find the concept of added value difficult and must read questions on this topic very carefully. Raw materials should not have been included when calculating the answer.

Candidates found **Question 7** difficult. Some candidates added mail order and Internet shopping together (40%) and achieved the correct answer, Option C, by calculating 40% of \$120m. Others calculated the sales from clothing shops or only from Internet shopping.

In **Question 9**, some candidates thought that cash withdrawals are provided free of charge. In **Question 11**, many candidates thought that a wholesaler would be used when retailers placed bulk orders. Retailers placing bulk orders are more likely to buy directly from manufacturers and producers. In **Question 20**, Option D, the fax, proved to be a positive distracter for many candidates.

In **Question 21**, many candidates chose Option D, videoconferencing. If the company representative is travelling, she is unlikely to be able to visit a studio to take part in a videoconference. Option B was the correct answer. In **Question 22**, many candidates chose Option B. Goods are likely to be less secure on the railways where there is little direct supervision. Although many candidates answered **Question 23** correctly, opting for Option D, there was an element of guessing as all the other options attracted a significant number of responses. Most candidates identified Option D as the correct answer in **Question 24** but there are still candidates who confuse the work of the Customs Authorities with that of an airport authority.

Candidates found **Question 29** very difficult and showed a lack of understanding of the insurance principle of insurable interest – you must have a financial interest in anything that you insure and will suffer financially as the result of its loss. Many candidates chose Option A, but she would be able to take out public liability insurance to guard against claims made by customers. She would not, however, be able to insure rented offices because she does not own them. Therefore Option C was the correct answer.

An element of guess-work was apparent in **Question 36**, with three of the options attracting many responses. Option D relating to limited liability was the correct answer but many chose either Option A or Option B.

The concept of leasing in **Question 39** was not understood by many of the candidates. All options attracted many responses, indicating an element of guess-work. Option B was the correct answer but more candidates chose Option D than Option B. Candidates also found **Question 40** demanding. All options attracted responses. Candidates were unable to see the effect of using an overdraft on working capital. The majority of candidates chose Option C - a decrease in working capital. Few candidates identified Option A, the correct answer. If an overdraft, a current liability, is used to purchase stock, a current asset, they will balance one another and therefore there is no effect on working capital.

# COMMERCE

**Paper 7100/12**  
**Multiple Choice**

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

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

The mean score was 23.186 with a standard deviation of 6.546. There were 4359 candidates. The highest mark was 37 and no candidate scored below 9.

Candidates found the following questions relatively easy and a high facility was achieved – **Questions 2, 3, 4, 10, 15, 19, 25, 31 and 33.**

In **Question 1**, more candidates thought that Option A or Option C was the correct answer than those selecting Option B, the correct answer. Candidates always find the concept of added value difficult and must read questions on this topic very carefully. Raw materials should not have been included. In **Question 5**, it appeared that many candidates were guessing the correct answer, as all options attracted significant numbers of responses.

In **Question 6**, many candidates chose Option B rather than Option D. There is a charge for making cash withdrawals using a credit card. Candidates found **Question 8** difficult. Some candidates added mail order and Internet shopping together (40%) and achieved the correct answer, Option C, by calculating 40% of \$120m. Others calculated the sales from clothing shops.

An element of guess-work seemed to be evident in **Question 14**, showing that the functions of an advice note are not fully understood. All options attracted many responses. Option C was the correct answer. In **Question 20**, many candidates chose Option D, videoconferencing. If the company representative is travelling, she is unlikely to be able to visit a studio to take part in a videoconference. Option B was the correct answer. Most candidates identified Option D as the correct answer in **Question 22** but there are still candidates who confuse the work of the Customs Authorities with that of an airport authority. Although many candidates answered **Question 23** correctly, opting for Option A, Option B was also a popular choice. In **Question 24** on the effects of containers, nearly as many candidates chose Option A as Option D, the correct answer. It should be remembered that containers do not need warehousing – they themselves act as small warehouses.

Candidates found **Question 28** very difficult and showed a lack of understanding of the insurance principle of insurable interest – you must have a financial interest in anything that you insure and will suffer financially as the result of its loss. Many candidates chose Option A, but she would be able to take out public liability insurance to guard against claims made by customers. She would not, however, be able to insure rented offices because she does not own them. Therefore Option C was the correct answer.

An element of guess-work was apparent in **Question 35**, with nearly all options attracting many responses. Option D relating to limited liability was the correct answer but many chose either Option A or Option B.

The concept of leasing was not understood by many candidates in **Question 38**. All options attracted many responses, indicating an element of guess-work. Option B was the correct answer. Candidates also found **Question 39** demanding. All options attracted responses. Candidates were unable to see the effect of using an overdraft on working capital. The majority of candidates chose Option C – a decrease in working capital. Few candidates identified Option A, the correct answer. If an overdraft, a current liability, is used to purchase stock, a current asset, they will balance one another and therefore there is no effect on working capital. In **Question 40**, Options A, B and C attracted many responses, despite interest being payable on these three sources of finance. Option D was the correct answer – no interest is paid but dividends are paid out of profits.

# COMMERCE

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Paper 7100/21

Written

## Key messages

Many candidates presented lists of points for questions that asked for a discussion. Candidates need to present developed answers with reasoning in response to questions that are worth six marks. Very short answers are likely to attract few marks.

Candidates need to pay attention to the mark allocations for part questions. Some candidates wrote at length in response to questions offering only one mark.

Candidates need to read the questions carefully. Mistakes were often made by omitting what was required by the question or writing about information already supplied in the question.

## General comments

In Paper 2, candidates are required to answer four questions from a choice of eight. Most of the questions covered more than one topic from the syllabus.

The standard of work was generally good. Lower ability candidates gained some success, while more able candidates showed what they knew and provided answers exhibiting good commercial knowledge within the context of the questions chosen. The more academically-able achieved full marks in response to a variety of questions, including some of the Levels of Response questions. Poorer candidates omitted parts of the questions they had chosen, wrote very short answers or short lists of points, and some attempted to answer all the questions on the paper.

Many candidates paid attention to the command words at the beginning of the questions. In questions offering only one mark, such as **Questions 5(b), 5(c)(i) and 7(b)**, candidates wrote very short answers. In questions that required extended writing, some of the candidates wrote at length and tried to develop a discussion but others wrote an introductory sentence ending in 'because' and then a set of bullet points or numbered points. Unfortunately these candidates were penalised as reasoning or explanation were usually required for these questions.

One part of each of the questions set was marked according to Levels of Response, for example, **Questions 1(c)(ii), 2(b), 3(b), 4(d), 5(e), 6(b), 7(e) and 8(c)**. Candidates who wrote well-structured and developed answers with reasons for their opinions were able to gain the higher level marks. Candidates who wrote short statements or made some brief comments achieved only 1 or 2 marks and remained in Level 1. For this type of question it is important, first of all, to study what is required in the question – an opinion, a recommendation or a choice with reasons – and then follow these requirements. Then it is important to develop points – to say why something is important or why something is the better choice. Candidates will then achieve the higher level and so gain good marks. These questions did, however, differentiate between those who could develop an argument and those who had a superficial knowledge and understanding of the subject matter.

Some candidates started questions and then crossed them out and attempted alternatives. Some candidates wrote in abbreviated form or in brief notes. Many answers were clearly presented with accurate use of English and with the numbers of the questions chosen clearly stated.

### **Comments on specific questions**

#### **Question 1**

- (a) (i) The calculation was usually correct.
- (ii) The term 'primary industry' was usually known.
- (iii) If candidates understood that the word 'interdependent' means relying on other countries, they had no problem with this question. Some candidates thought it meant independence.
- (b) Some well-reasoned answers were seen in response to this question. Candidates explained why some countries have primary industries and other countries have large-scale manufacturing industries. Some candidates showed that some countries have natural resources and others do not and offered little else.
- (c) (i) The term 'multinational company' was usually understood, with accurate examples often given.
- (ii) This question asked for a discussion as to whether or not multinationals are beneficial or a threat to countries. Many candidates presented a one-sided argument, often very convincing, but lost marks because they did not discuss the other viewpoint.

#### **Question 2**

- (a) (i) Many candidates were able to define the term 'shopping centre' as a complex consisting of a range of shops offering a variety of goods, often out of town. Others gave superficial answers about a group of shops or, incorrectly, a large shop.
- (ii) Most candidates were able to give two reasons why consumers like shopping centres, such as car parking, one-stop shopping and offering a variety of goods.
- (iii) Candidates found this question quite difficult. They thought that large-scale retailers offered consumers bulk-buying and that small-scale retailers offered goods in small quantities. They also often gave answers relating to the survival of the small-scale retailer. Answers that gained credit included points such as shopping centres provide a range of units to attract different sizes of shops, many shoppers want to visit a range of shops, not just one, all kinds of shops benefit from advertising for the shopping centre as a whole location, and shopping centres provide security and facilities for both small and large-scale retailers.
- (b) Many candidates presented quite a good discussion in answer to this question and were able to give many reasons why small-scale retailers survive. Good answers mentioned their location, the services offered and made some comment on the threat posed to many of them by large-scale retailers.
- (c) Many different answers were accepted for each part of this location question, so candidates had many opportunities to score marks.

#### **Question 3**

- (a) Many candidates gave two well-explained difficulties experienced when exporting. Other answers were rather superficial, for example, different currencies or problems with language but without any explanation.
- (b) More able candidates gave some well-developed points in answer to this question on warehousing. Some answers suffered because the context of kitchenware was not applied to the answer. Leaving goods to mature or the need for cold storage were not appropriate reasons for this question relating to kitchenware and warehousing. Some candidates attempted to show why they should not have a warehouse. This was quite difficult to do but it gave balance to the answer.
- (c) Answers to the individual parts of this question were not always accurate. Payment for a large consignment supplied abroad would be made by electronic transfer because it is suitable for payments made between two countries. Wages could be paid either by credit transfer – payment

made automatically using one cheque for all wage payments or by cheque – can be made out for any amount and given directly to employees. The payment for components could be paid by direct debit because the payment could be computerised. It could be paid by cheque, especially if the cheque is crossed. It could be paid by credit transfer, as the payment could be transferred automatically into the payee's account. Direct debit was not a correct answer for part (i) or part (ii). Electronic transfer was not a correct answer for part (ii) or part (iii).

- (d) Some candidates failed to recognise that part of the consignment was faulty and wrote about overcharges and undercharges. They also omitted the use of the credit note to reduce the amount due to the supplier.

#### Question 4

Candidates who selected this question often displayed accurate knowledge of most aspects of the syllabus tested in this question.

- (a) (i) Many candidates showed a clear distinction between the public and the private sectors of an economy.
- (ii) The term 'service industry' was well understood and a clear example was given.
- (b) (i) This was a very simple calculation but some candidates went further than the correct answer of 35% and worked out the value of sales to the public sector.
- (ii) Again, many candidates gave the correct answer of \$750 000 but some did not identify that the primary industries have 15% of total sales.
- (c) Unfortunately some candidates misread this question. They attempted to show how Jacqueline might increase her sales to individual sectors of the economy rather than how she might increase her overall sales. Some candidates gave a list of three ways rather than an explanation, so consequently scored only half the marks.
- (d) The more numerate candidates appreciated that net profit may increase if sales increase but it may not be in the same proportion. Net profit may be reduced by an increase in expenses. In order to increase sales, more advertising may have to be done and this would increase expenses. Candidates who assumed that net profit would automatically increase as sales increased remained in Level 1.

#### Question 5

- (a) Most of the comments about using containers related to protection against theft or damage. Better answers mentioned ease of transshipment and ease of handling because of special machinery.
- (b) The air waybill was generally known.
- (c) (i) Most candidates gave the bill of lading but some mentioned the charter party.
- (ii) The purposes usually related to the document given in part (i).
- (d) Answers were generally clear, with cost, value of goods, distance and urgency being popular factors explained.
- (e) Candidates often presented superficial answers to this question because they had no clear understanding of what an intermediary such as an export merchant does. Candidates who argued that the clothing manufacturer should continue to find overseas buyers found answering this question easier. It should be remembered that an export merchant, unlike other intermediaries, buys the clothing and takes over the whole process of exporting as he is the owner of the goods. Other intermediaries introduce the manufacturer to potential buyers and are paid commission for this service.

### Question 6

- (a) (i) Many candidates identified a commercial document that Mrs Sabah would complete, such as an enquiry or an order form.
- (ii) Most candidates understood the use of trade discount between traders as a way of encouraging repeat business, for bulk-buying and to enable Mrs Sabah to make a profit.
- (iii) Answers to this question were not always fully developed. Some candidates appreciated the fact that Mrs Sabah could sell the goods and then use some of the money received from the sale to pay for the goods. Candidates often failed to realise that Mrs Sabah is likely to buy at regular intervals and so wishes to pay at regular intervals, one of the benefits of trade credit such as using the money for more pressing payments.
- (b) If candidates had remembered that Mrs Sabah has a small shop, many arguments relating to purchasing from manufacturers in bulk would not have been made. It is probable that Mrs Sabah could purchase from both. She would want to buy in small quantities, receive a variety of wholesaling services and obtain a variety of glassware and china, so a wholesaler would be suitable. On the other hand, she might want to buy from manufacturers directly if she wanted individual items, especially as the risk of damage and breakage might be reduced.
- (c) Candidates who wrote about unlimited and limited liability, problems of raising capital and lack of continuity usually scored good marks. Some superficial comment on workload and ease of setting up gained some marks.

### Question 7

Many candidates answered this question and often gained good marks.

- (a) Many candidates were able to give three purposes of advertising.
- (b) Most candidates used the data to give examples of informative advertising and a sales promotion method.
- (c) The quotation was usually understood but some candidates thought it was sent by the buyer to the seller.
- (d) The question asked for an example of a method of credit available to customers of TVS. Many candidates wrote generally about credit. Others gained the marks by writing about informal credit, deferred payments, credit cards or hire purchase.
- (e) Many convincing arguments were seen in answer to this question. Most candidates chose either the website or the cellphone and were able to offer some or many reasons for using the method of communication chosen and for rejecting the other two.
- (f) (i) Some candidates thought they should comment also on newspaper advertising. Most candidates gained the two marks offered for this question.
- (ii) Many candidates suggested the use of posters, flyers or radio and so gained the marks for the question. Some candidates suggested mass media such as billboards and magazines and failed to realise that TVS was a small company.

**Question 8**

- (a) (i) Few candidates appreciated the major differences between raising finance from issuing ordinary shares and obtaining a bank loan. Answers that gained marks included no interest payable, no collateral security and no repayment on ordinary shares. Ordinary shares convey ownership so shareholders may feel more involved in the work of the company. The company may need to raise more capital than can be obtained by a bank loan.
- (ii) Again, few candidates realised that an overdraft is a short-term loan so fuel payments that may be variable could be paid using an overdraft facility and income would be used to pay off the overdraft.
- (b) (i) Candidates were able to define the term 'Balance of Payments' but often gave a superficial answer, such as the difference between imports and exports.
- (ii) Few candidates realised that Hunter Airservices Ltd contributes to invisible exports because it provides a service to foreign tourists and business people for which they pay in foreign currency. It therefore has a favourable effect on the country's Balance of Payments.
- (c) Some better answers were seen to this question. Some candidates were able to mention several business risks against which the company should insure and also to show why insurance was important to Hunter Airservices Ltd. Weaker answers concentrated on identifying some business risks with or without explanation.

# COMMERCE

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Paper 7100/22

Written

## Key messages

Candidates need to present developed answers to questions that carry 6 marks. Very short answers are likely to attract few marks as a discussion is often required.

Many candidates were unfamiliar with the term 'retail market' although it is in the syllabus.

## General comments

In Paper 2 candidates are required to answer four questions from a choice of eight. Most of the questions covered more than one topic from the syllabus.

The better candidates showed sound commercial knowledge and an ability to develop an answer in context. These candidates presented some detailed answers and were able to make reasoned judgements in the context of the questions set. They achieved full marks in response to a variety of questions. Poorer candidates omitted parts of the questions they had chosen, wrote very short answers or attempted to answer all the questions on the paper.

Many candidates paid attention to the command words beginning the questions. In questions offering only one mark, such as **Questions 1(a), 4(b) and 7(a)(i)**, most candidates wrote very short answers. In questions that required extended writing, some of the candidates wrote at length and tried to develop a discussion.

Better candidates wrote well-structured and developed answers with reasons for their opinions when asked to do so. Weaker candidates wrote short statements or made some brief comments when answering these questions. For this type of question it is important, first of all, to study what is required in the question – an opinion, a recommendation or a choice with reasons – and then follow these requirements. Then it is important to develop points – to say why something is important or why something is the better choice. Candidates will then achieve the higher level and so gain good marks.

One part of each of the questions set was marked according to Levels of Response e.g. 1 (**e**), 2 (**d**), 3 (**c**), 4 (**d**), 5 (**d**), 6 (**d**), 7 (**d**) and 8 (**c**). Candidates who wrote well-structured and developed answers with reasons for their opinions were able to gain the higher level marks. Candidates who wrote short statements or made some brief comments achieved only 1 or 2 marks and remained in Level 1. For this type of question it is important, first of all to study what is required in the question – an opinion, a recommendation or a choice with reasons and then follow these requirements. Then it is important to develop points – to say why something is important or why something is the better choice. Candidates will then achieve the higher level and so gain good marks.

Some candidates started questions, then crossed them out and attempted alternatives. Some candidates wrote in abbreviated form or in brief notes. Some candidates presented two good responses but their answers for the other two questions chosen were poor. Some candidates answered all the questions on the paper instead of making a choice. Many answers were clearly presented with accurate use of English. The scripts of some candidates presented difficulties. The writing was very small or they used pens with pale blue ink, which is very difficult to read. It is important that candidates write clearly. The instructions on the front of the examination paper state that a dark blue or a black pen should be used. A black pen is preferable.

**Comments on specific questions**

**Question 1**

- (a) (i) and (ii) Candidates studied the map and usually achieved both marks. Mining was not accepted as an answer to part (i).
- (b) The question required candidates to show the benefits to the country of specialising in the production of iron ore. Many candidates wrote about the benefits to a company rather than to the country. A little credit was given for this. Candidates also wrote about the country gaining profits. This is incorrect. By exporting the iron ore, the country would gain foreign currency. Good candidates commented on comparative advantage and some mentioned that the country would also have competitive advantage over other countries.
- (c) Many candidates used the map to show why transport was important in the production of iron ore but other candidates did not answer in context as instructed and wrote generally about the use of transport to move goods.
- (d) The functions of a port are still unknown by the majority of candidates. Answers were often not in context – it is unlikely that iron ore will be warehoused or shipped in containers. It is a low value, bulk cargo. Answers that gained credit included providing clear waterways, loading and unloading facilities, refuelling for ships, security services and dock labour to load bulk carriers.
- (e) Some good discussions were seen in response to this question about international trade. Many candidates answered, as required, in the context of specialisation in the production of iron ore and showed that the country is very involved in international trade.

**Question 2**

- (a) Most candidates could describe a manufacturer but many candidates did not give an example of a manufacturer.
- (b) Some good answers were seen to this question. Many candidates gained full marks and made clear distinctions between the functions of the wholesalers and the retailers.
- (c) Many candidates mentioned that large-scale retailers buy direct from manufacturers and so the wholesaler is not needed. Few candidates mentioned how wholesalers have altered their working practices, for instance by establishing cash and carry warehouses or setting up voluntary chains.
- (d) Candidates who commented on the work of CASE usually gained all the marks available for this question. Candidates who just said ‘consumer protection’ did not achieve any marks.
- (e) Candidates who said that as people buy more the chance of their buying unsatisfactory goods and services increases were able to build on this comment to produce worthwhile answers. Many went on to show that they were at risk if they bought dangerous or faulty goods. They also commented that they were more at risk because of the rapid increase in online shopping.

**Question 3**

- (a) (i) and (ii) Most candidates could describe a freeport and were able to show the advantages to Mr Tan of using a freeport.
- (b) (i) and (ii) Although most candidates had read these two questions carefully and so commented on the advantages to Mr Tan of accepting these methods of payment, there were still several candidates who answered from the customers’ point of view and so gained no credit.
- (c) Many candidates produced a good discussion about the use of cash discount. They were helped a little by the phrase ‘who purchase regularly from him’ but were able to produce other points relating to the benefits of giving cash discount. The question asked for a discussion as to whether or not he should offer cash discount. Many candidates failed to give reasons why he should not offer cash discount, such as reduction in profits.

- (d)(i) Most candidates were able to calculate the mark-up correctly and showed that Mrs Cheah hopes to make \$2400 profit on the goods. Some good reasoning was seen in answers to part (ii). Candidates often said that she would not be able to achieve the mark-up if the goods were damaged. Others commented on the possible high prices of these goods and the fact that consumers would look elsewhere for these goods at a cheaper price, perhaps going to Mr Tan instead. We are not told if he is a retailer or a wholesaler, just a trader.

#### Question 4

- (a) Candidates were able to give two purposes for advertising, such as to inform, to persuade or to increase sales. The question required the candidate to explain two purposes of advertising, so more developed answers were required.
- (b) Many candidates could identify from the data an example of informative advertising and a sales promotion. Some candidates chose Example A as the answer for informative advertising. Some candidates did not look at the data and explained both terms.
- (c) The term 'digital billboard' was generally known. Better candidates gave a likely location for a digital billboard as well as commenting on what it is.
- (d) Most candidates were able to show that advertising adds to the costs of production and commented on the costs of advertising using television and other mass media. They did not look at the other side of the argument. Successful advertising can lead to lower prices. Advertising could create market demand. Larger quantities of a product will need to be produced. Mass production methods may be used to produce the goods, leading to lower costs. These lower costs of production might then be passed on to consumers as lower prices.
- (e) All candidates were able to write some valid points in answer to this question. Most wrote about worldwide communication, the use of email, information obtained from the Internet and e-commerce, as well as about social networks, blogs and the use of Skype.

#### Question 5

- (a) Answers should have shown that Kadir buys from producers, sells to retailers, offers a variety of goods and makes a profit.
- (b)(i) and (ii) The features of a cash and carry were well known. The benefits to small-scale retailers were not so clearly expressed. Cash and carry warehouses provide self-service, special promotions and sell in relatively small quantities. They provide parking, offer a variety of goods, display goods for sale and have long opening hours. All these help the small-scale retailer to function.
- (c) Too many candidates wrote about the general advantages of road transport or the benefits of owning your own transport. The question related to the use of road transport by a small-scale retailer, so answers should have included the use of road transport to collect goods from the cash and carry, delivering goods to customers and using road transport for other purposes, such as taking staff home or using road transport as a mobile shop.
- (d) Those candidates who understood the term 'market trader in a retail market' achieved good marks for a discussion about the merits of owning a small shop or working in a retail market. Too many candidates wrote about the advantages of being a sole proprietor and thought that a market trader operated in either a wholesale/commodity market or a bond market.

#### Question 6

- (a)(i) Most candidates were able to identify two features of a multinational company.
- (ii) Many candidates attempted to discuss each of the industries mentioned in the question in turn. This did not produce good answers. A more general discussion was expected. Candidates should have commented on the large capital reserves for investment in research, technology and new products and the provision of large-scale employment. Other points that could have been made included that they offer a broad range of goods or services and that there is global demand for these goods and services.

- (b) Candidates were able to define the global market as the worldwide market for goods and services operating in many countries.
- (c) General comment on communication was expected for this question. Answers that gained credit included speeding up trade, opening of new markets, establishment of international trading organisations and taking advantage of business opportunities in other countries.
- (d) It called for a general discussion about all the elements of commerce in relation to the global market. Most candidates briefly commented about some aspect of trade and one or two of the aids to trade. A good answer should have discussed the importance of trade and then looked at several of the aids to trade and how they might be used in the growth of the global market.

#### Question 7

- (a) (i) (ii) and (iii) The meaning of the abbreviation 'OD' was usually known, although some candidates thought it mean overdue. Features of direct debits were not so well expressed. Direct debits are methods of payment used for regular or irregular payments that may vary in amount. They are computerised transactions and payment is requested by the creditor. They are not used for paying wages. Many candidates worked their way through the calculation and achieved the correct answer of \$480.
- (b) Some accurate answers were seen to this question, with candidates commenting on both kinds of bank account.
- (c) Candidates were able to give three services at an ATM.
- (d) It was difficult to develop a discussion about this question on insurance risk. Candidates needed to show, with examples, that William was more likely to make a claim than Sally. Comment on insurance principles that might apply would have assisted the answers.

#### Question 8

- (a) Although some candidates were able to define turnover, many candidates described the rate of turnover. Various definitions were accepted, such as total sales revenue during a trading period, sales less returns, the value of sales and sales multiplied by price.
- (b) (i) and (ii) Candidates were usually able to show three ways of increasing turnover and three ways of reducing expenses in the context of the hotels. Many commented on environmentally-friendly ways of reducing expenditure.
- (c) Candidates choosing this question were able to discuss both retained profits and also external finance, particularly bank loans. Many argued that retained profits were unlikely to be sufficient and so some form of external finance was required. Others suggested that loans would be advisable, despite the interest and the need for repayment.
- (d) (i) and (ii) There was some confusion about the features of a franchise, with candidates writing about franchisees when they meant the franchisor. Many answers were imprecise, with some candidates thinking that there was no need for advertising when a franchise was formed. Answers that gained credit in part (ii) included the spreading of risk between the franchisor and the franchisee, the provision of capital by the franchisee enabling the business to expand more quickly, and the reduction in management costs.