

COMMERCE

Paper 7100/12
Multiple Choice

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

General comments

The multiple choice paper consists of 40 4-option items. **Questions 1, 5, 11, 20, 31 and 40** include pictorial or diagrammatic data, and **Questions 7, 15, 16, 36 and 40** required candidates to undertake calculations.

There were 1354 candidates, and the mean score was 28.267, with a standard deviation of 5.930. The highest and lowest marks were 40 and 4, respectively. Overall, a very good standard of work was exhibited.

Comments on specific questions

Questions 1, 2, 5, 6, 8, 9, 20, 22, 23, 29, 33, 37 and 38 were generally well answered by candidates, and the pictorial questions achieved a high facility. The numerical questions were also well answered, but did not achieve such a high facility.

Candidates found only a few of the questions particularly difficult and these achieved a fairly low facility.

For **Question 11**, option B was the correct answer. The other options were also commonly chosen, which indicates that there may have been an element of guessing. The topic of intermediaries in international trade is not always well understood. A merchant buys goods for himself to sell for profit. The other intermediaries do not own the goods.

For **Question 14**, option D was the correct answer. However, option B was also a popular choice. A credit note is used when goods are returned or an overcharge has occurred.

For **Question 25**, option C was the correct answer but the other options were also commonly chosen. Letter post would be used for sending out large numbers of documents to many customers.

For **Question 27**, option B was the correct answer. This question proved to be a challenge for many candidates. Many candidates chose option C, which focused on the fear of terrorism. Option A also attracted many responses.

Insurance is often causes some confusion amongst candidates, and the insurance term 'excess' was commonly misunderstood. Most candidates thought that 'premium' was the correct answer, but it was instead the payment for insurance cover.

COMMERCE

Paper 7100/13
Multiple Choice

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

General comments

The multiple choice paper consists of 40 4-option items. Some questions involving pictorial or diagrammatic data and other questions required candidates to perform calculations.

There were 156 candidates. The mean was 20.032, with a standard deviation of 5.240. The highest and lowest marks were 32 and 7 respectively.

Comments on specific questions

Questions 1, 22 and 24 were generally well answered by candidates, and achieved a high facility. Two of these items were pictorial. **Questions 12, 16, 32 and 35** were numerical. Fewer of these questions were answered correctly, and the facility was often quite low.

Candidates found some of the questions particularly challenging, and the spread of answers across the options suggests there may have been an element of guessing.

For **Question 2**, option D was the correct answer. However, many candidates chose Option B.

For **Question 10**, option B was the correct answer. However, many candidates chose Option A. Small-scale retailers are likely to use wholesalers. Wholesalers were not included in the chain of distribution shown.

For **Question 14**, option C was the correct answer, however all options attracted a similar level of response.

For **Question 16**, option B was the correct answer. Many candidates were unsure how to accurately calculate the percentage mark-up.

For **Question 26**, many candidates chose the correct option B. Option C, the consignment note, proved to be a positive distracter.

For **Question 27**, option A was the correct answer. Many candidates were unaware that liquids are carried in tankers.

Principles of insurance in **Question 31** were not always fully understood. The principle of insurable interest (option A) saying that the insured must suffer a financial loss, i.e. own a property, applied here.

For **Question 32**, option D was the correct answer. However, option A was a popular choice, which suggests that these candidates had not taken account of administrative costs and profit in their calculation.

For **Question 33**, option C was the correct answer, as it was the only option that related to a current account. The other three of the options referred to savings/deposit accounts. It may be beneficial to ensure that candidates fully understand the characteristics of a current account.

For **Question 34**, option D was the correct answer. Many candidates thought that a debit card was issued with a savings account. Candidates were also unsure about bank services and the characteristics of a savings account.

For **Question 35**, many candidates correctly chose option D. Option B was also a popular choice, which suggests that candidates did not realise that Miss Cheng became overdrawn.

For **Question 36**, option C was the correct answer. All options attracted similar levels of responses, which suggests there was an element of guessing, which reflects the difficulty of the question. Variable amounts are collected by direct debit – option C. Many candidates thought that a general partnership was formed by shareholders – option A.

For **Question 39**, option B was the correct answer, as it was the only example of short-term finance which listed the overdraft. All options attracted some responses.

A calculation on the rate of turnover such as **Question 40** can often be more challenging for candidates. Option C – cost of goods sold divided by average stock held - was the correct answer. Most options attracted responses.

COMMERCE

Paper 7100/22

Written

Key messages

- High mark tariffs were gained by candidates who developed their answers in context, and used examples where applicable. Answers which were structured as brief notes or lists of points were less likely to gain high marks.
- Candidates may benefit from tailoring their answer to the command words and key words in each question, as well as the mark allocations for each question.
- To perform better in the exam, candidates may also benefit from learning succinct and accurate definitions of commercial terms.

General comments

Paper 2 requires candidates to answer four questions from a choice of eight. All the questions set in this paper covered more than one topic from the syllabus. **Questions 1, 2, 3 and 4** were the most popular questions, and **Question 6** was the least popular.

The standard of work was extremely good, with many candidates achieving very high marks, and some candidates gaining full marks for the paper. The higher scoring candidates showed sound commercial knowledge and an ability to develop an answer in context. There was much evidence of good preparation, advice given on examination technique and revision before the examination. Well-prepared candidates presented some detailed answers and were able to make reasoned judgements in the context of the questions set. Some candidates omitted parts of the questions and wrote very short answers, often in note form.

The eight questions set contained some easier parts e.g. **1(a), 1(b)(i), 2(a), 3(a)(i), 4(a), 4(e)(i), 5(c)(i), 6(a)(i) and (ii), 6(c), 7(a) and 8(b)(ii)**. There were also subsections in each question that were much more testing e.g. **1(d), 2(e), 3(b) and (e), 4(d), 5(c)(ii), 6(b) and (d), 7(b)(ii) and (c) and 8(d)**. Many of these carried a higher mark tariff than the easier questions.

Assessment Objective 1 tests candidates' ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. Questions beginning 'Name, Give, State' confirm that the question is at this level. An example of this type of question is **Question 1(a)**.

Assessment Objective 2 tests candidates' ability to apply their knowledge in the context of the question. Command words such as 'Explain, Explain why, How, Give an example' are command words used for questions testing this objective. An example of this type of question is **Question 2(c)**.

Assessment Objective 3 requires candidates to select, interpret or analyse a problem or situation presented in the question. Candidates are expected to offer reasoned answers. Often the analysis is combined with an evaluation, as the evaluation is based on reasoning to form a conclusion. Questions such as **3(c), 6(d) and 7(c)** are examples of this. Command words such as 'Compare, Analyse and Calculate' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. **Question 8(d)** asks candidates to make a judgement about a business locating in a business park rather than the Central Business District. Command words such as 'Discuss, Evaluate, Do you consider and Recommend' are command words used to test this objective.

One part of each of the questions set was marked according to Levels of Response e.g. **1(d)**, **2(e)**, **3(e)**, **4(d)**, **5(c)(ii)**, **6(d)**, **7(c)** and **8(d)**. Many candidates wrote well-structured and developed answers, with reasons for their opinions in answer to these questions. Some candidates wrote short statements or lists of points, and so achieved only low marks. For this type of question it is important to study what is required in the question – an opinion, a recommendation or a choice with reasons and then to follow these requirements. It is also important to look at both sides of the argument, and then to offer a reasoned conclusion. Points should be developed – saying why something is important or why something is the better choice. Candidates will then achieve the higher level and will thus gain higher marks. These questions did, however, differentiate between the better candidates, of which there were many, and the lower level candidates.

Comments on specific questions

Question 1

- (a) Most candidates answered this question correctly, with a wide range of factors being given.
- (b)(i) The bill of lading and airway bill were popular choices. Some candidates showed a clear distinction between the delivery note and the consignment note. Some candidates gave examples of commercial documents not connected with transport. The advice note was not accepted.
 - (ii) Most answers concentrated on the need for protection and the need for cold storage for perishables. Some candidates mentioned dutiable goods and the need for bonded warehouses.
- (c)(i) Many candidates scored full marks for this question, mentioning the need for the booking of transport, dealing with emergencies and the quicker turnaround of transport so saving costs.
 - (ii) Answers concentrated on keeping in touch with customers and the transport company and the reporting of problems relating to delivery of goods. Most candidates scored full marks for this question.
- (d) This question differentiated between the level of the candidates. Some candidates discussed the functions of transport. Others were able to discuss how transport has extended markets – the use of larger freight planes and the continued importance of containerisation. Some looked at other factors that help to extend markets such as some of the aids to trade particularly advertising and the growing demand for goods from consumers.

Question 2

- (a) Many candidates scored the mark for this question. Answers that related to sole traders, or rephrased the question, did not receive marks.
- (b)(i) This question was a challenge for many candidates. The question was often misread, and was thus answered from the point of view of Mrs Ney. Candidates were required to give two types of competition faced by Mrs Ney such as that posed by supermarkets, multiple retailers, other bakery shops and even from other mobile shops.
 - (ii) Some candidates misread this question. Mrs Ney is likely to have competition from other retailers because she offers a limited range and her prices may be too high or because the other retailers offer better products and more promotions.
- (c) Many candidates scored full marks for this question, by mentioning breaking bulk and giving advice and offering delivery. There were some candidates who lost marks by not fully developing their points, or not fully addressing the question, which asked for a description of two services.
- (d) Most candidates were able to argue convincingly against Mrs Ney setting up an online business. Answers ranged from the costs involved, the need for an efficient delivery service and the fact that bread and cakes are perishable and have a short shelf life.
- (e) Most candidates were able to discuss the pros and cons of buying a franchise and usually answered in the context of Mrs Ney. Candidates who only discussed one viewpoint were unable to receive full marks, as the question required a consideration of both sides of the argument.

Question 3

- (a) (i) Candidates were usually able to describe international trade as trade that exists between countries.
- (ii) Many candidates gained full marks. Some candidates could have gained full marks by providing a clearer example of the use of specialisation in international trade.
- (b) This question was often omitted by candidates. Candidates who scored marks usually mentioned the economies of scale resulting from trading in bulk quantities or trading within a trading bloc so saving on import duties.
- (c) The calculation was frequently answered correctly, with clear workings shown. Some candidates omitted the minus sign in their final calculation and so showed a surplus instead of a deficit. Others added together the incorrect figures.
- (d) (i) Many candidates were able to show clearly why the American tourist was an invisible export.
- (ii) Many candidates were able to show clearly why the selling of toys to Country X was a visible import.
- (e) Many candidates produced an interesting discussion as to whether the growth of multinational companies has led to a wider range of goods for consumers. They mentioned the ability of multinationals to set up in many countries and to produce many different products at competitive prices. Some candidates looked at the other side of the argument – the effects on local producers of this competition and their struggle for survival. Some candidates also discussed the role of the consumer. Not all consumers can afford to buy a wide range of consumer goods and so the multinationals do not affect them.

Question 4

- (a) Candidates were usually able to identify the work of a nurse as a direct service or a tertiary occupation.
- (b) Many candidates gave two advantages of forming a partnership, and full marks were achieved by candidates who listed and also explained the two advantages. Candidates mentioned greater capital available, but sometimes did not mention that it is contributed to by the partners.
- (c) Many candidates realised that Faria would receive twice as much profits as Rayhan i.e. \$70 000. Others divided \$105 000 by 2 and so gained no marks.
- (d) Some candidates provided a detailed discussion with a reasoned recommendation. Other answers suggested that there was some uncertainty concerning the differentiation between hire purchase and leasing – ownership at the end of the payments for hire purchase and no ownership involved when leasing the vehicles. Some candidates gave interesting answers relating to hire purchase but did not discuss the benefits of leasing vehicles such as replacement at regular intervals and repairs and maintenance as part of the leasing agreement.
- (e) (i) Most candidates were able to name three bank services.
- (ii) This question was more challenging. Many candidates interpreted the question as changing to a public limited company rather than a private limited company, which suggests that the question could have been phrased more clearly. Nevertheless, the benefits of limited liability, legal entity and access to more capital applied to both.

Question 5

- (a) (i) Candidates were not always clear of the distinction between rate of turnover and turnover. The rate of turnover is the number of times the average stock is sold in a given period. It is a measure of how quickly goods are sold, not the quantity of goods sold.
- (ii) Candidates could show that washing machines are purchased infrequently and so their rate of turnover is low and the demand for washing powder is constant so the rate of turnover is high.

- (iii) Ways of improving the rate of turnover ranged from reducing prices and using sales promotions to offering better after-sales service and improving the advertising of the washing machines.
- (b) Candidates found this question more demanding to answer in context. Answers that gained marks included making the machines recognisable, developing brand loyalty and offering a guarantee of a certain quality of product as well as enabling the company to advertise more easily using the name Wavy.
- (c) (i) The term 'global market' as the worldwide market was well understood.
(ii) The factors that Wavy should consider before expanding within the global market were well-known, but many answers consisted of a list of points with/out some comment on them. To achieve higher marks for this question, candidates needed to consider these factors in the context of Wavy and its low rate of turnover and declining sales of washing machines, and the risks involved.

Question 6

- (a) (i) Most candidates were able to identify 31 to 45.
(ii) Most candidates gave two personal risks, which included health, motor and life.
- (b) Candidates found this question more challenging. Credit was given to answers that mentioned people's changing circumstances over a lifetime, the greater risks associated with certain life circumstances, and the contrasting needs of those of working age compared to those who are retired.
- (c) Many candidates were able to name and explain the purpose of two insurance documents such as the proposal form and the policy. Credit could not be given to answers which listed two insurance principles.
- (d) Many candidates provided an assured discussion of several insurance principles and were able to show how important they are in an insurance contract.
- (e) Candidates were able to show how people working in the insurance industry are part of production. They help to satisfy people's needs for financial protection. They offer insurance for a variety of risks for all types of industry. They provide a commercial service which enables people to have the confidence to conduct business.

Question 7

- (a) Most candidates were able to gain full marks for this question, including those who discussed the watch rather than the strap. Some candidates highlighted that the customer had used the strap for 6 weeks, and so the shop manager was under no obligation to compensate the customer.
- (b) (i) The term 'mark up' was clearly defined.
(ii) Most candidates concentrated on the prices charged by competitors, the quality of the watches and the overall profit that Fashion Watches Ltd wanted to make.
- (c) Candidates produced a well-reasoned discussion about using retained profits or a bank loan and often achieved full marks. Some candidates recommended the bank loan so that retained profits could be used for unexpected expenditure.
- (d) (i) Many candidates were able to define the trading bloc but others failed to mention the fact that the countries have entered into a free trade agreement. An example of a trading bloc was given credit.
(ii) Some detailed answers showed how the imported watches would be cheaper, and that there would be less restrictions and regulations when trading within a trading bloc. Few candidates mentioned the use of a common currency.

Question 8

- (a) (i) Most candidates commented on both the road and rail networks and demonstrated why they are important for the movement of goods and people to and from the Central Business District.
- (ii) The term 'mass transport system' was not understood by many candidates. Rail was accepted as an answer, as was buses, metro, MRT in Singapore, trams and commuter trains.
- (b) (i) Candidates were able to show why an airport is important for a large city, but there were always detailed answers which explained two reasons. Higher scoring answers commented on the need for business people and tourists from other countries to reach the city, the transportation of freight for export and the development of the city as a business and commercial centre.
- (ii) Although many candidates gave two services for passengers, some candidates wrote about services for the handling of freight or omitted the question.
- (c) The concept of digital billboards was well understood by candidates. Credit was given for comments on advertising, attracting attention, a cheap medium and placement where there is a large footfall. Few candidates commented on the space needed to site them or their contribution to the appearance of the streets in the CBD.
- (d) This location question produced answers with a range of depth and quality. Some candidates were unclear of the distinction between a business park and a green park full of trees and flowers. Some candidates were better able to interpret the map, and thus realised that there were transport facilities for the business park. Some candidates were able to produce a well-argued discussion recommending either the business park where there might be more opportunities for expansion or the Central Business District which was already thriving as the hub of city trade.

COMMERCE

Paper 7100/23

Written

Key messages

- High mark tariffs were gained by candidates who developed their answers in context, and used examples where applicable. Answers which were structured as brief notes or lists of points were less likely to gain high marks.
- Candidates may benefit from tailoring their answer to the command words and key words in each question, as well as the mark allocations for each question.
- To perform better in the exam, candidates may also benefit from learning succinct and accurate definitions of commercial terms.

General comments

Paper 2 requires candidates to answer four questions from a choice of eight. The questions set covered more than one topic from the syllabus. **Questions 1, 2, 4 and 8** were the most popular questions, and **Questions 5 and 7** were the least popular.

The standard of work was variable, with candidates achieving a wide range of scores. Some candidates showed sound commercial knowledge and an ability to develop an answer in context. These candidates presented detailed answers and made reasoned judgements in the context of the questions set. Other candidates omitted parts of the questions they had chosen and wrote brief answers, often in note or list form. A few candidates attempted to answer all the questions on the paper.

The eight questions set contained some easy parts e.g. **1(a)** and **(c)(iii)**, **2(b)(i)**, **3(c)(i)**, **4(a)**, **5(a)** and **(b)(i)**, **6(b)(i)**, **7(c)(i)** and **(iii)**, **8(a)(i)** (but candidates often answered it incorrectly) and **(c)**. There were also subsections in each question that were much more testing e.g. **1(d)**, **2(d)**, **3(d)**, **4(b)(i)** and **(d)**, **5(c)** and **(d)**, **6(b)(iii)**, **7(a)(i)** and **8(d)**. Many of these carried a higher mark tariff than the easier questions.

Assessment Objective 1 tests candidates' ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. Questions beginning with 'Name, Give, State' confirm that the question is at this level. An example of this type of question is **Question 2 (b) (i)**.

Assessment Objective 2 tests candidates' ability to apply their knowledge in the context of the question. Command words such as 'Explain, Explain why, How, Give an example' are command words used for questions testing this objective. An example of this type of question is **Question 7 (a)(ii)**.

Assessment Objective 3 requires candidates to select, interpret or analyse a problem or situation presented in the question. Candidates are expected to offer reasoned answers. Often the analysis is combined with evaluation as the evaluation is based on reasoning to form a conclusion. **Questions** such as **1(d)** and **7(a)(i)** are examples of this. Command words such as 'Compare, Analyse and Calculate' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. **Question 4(c)** asks candidates to make a judgement about providing an online ordering service. Command words such as 'Discuss, Evaluate, Do you consider, Recommend' are command words used to test this objective.

One part of each of the questions set was marked according to Levels of Response e.g. **1(d)**, **2(d)**, **3(d)**, **4(c)**, **5(c)**, **6(b)(iii)**, **7(a)(i)** and **8(d)**. A few candidates wrote developed answers which included reasons for their opinions. Many candidates wrote very short statements, a list of points or some brief comments, and so achieved only Level 1 marks. For this type of question it is important to study the requirement of the

question – an opinion, a recommendation or a choice with reasons and then to follow these requirements. It is also important to consider both sides of the argument and then to offer a conclusion. Points should be developed by stating why something is important or why something is the better choice. Candidates will then achieve the higher level and associated higher marks. These questions were, however, able to differentiate between the candidates.

Comments on specific questions

Question 1

- (a) Few candidates provided a sufficient explanation of primary industry. Some mentioned obtaining raw materials, but only a few candidates commented on the first stage of production and that it is an extractive industry.
- (b) Many answers required more detailed statements about speed, short distances and cheap cost. Answers that attracted higher marks mentioned that rail might not be available, wheat might be transported in small loads and the need for flexibility as regards when transport was needed.
- (c) (i) Few candidates mentioned bulk carrier or OBO ships. Valid answers included container ship and cargo ship tramp.
(ii) Many candidates would have achieved more marks by tailoring answers to the context of wheat handling. Answers that gained marks mentioned loading facilities, quays, refuelling, security services and the provision of deep water channels.
(iii) Some candidates used the map to identify that the flour mill was on the river. Few mentioned wheat as a bulk cargo.
- (d) Many candidates could have more fully developed their answer to this question. Some candidates mentioned the need to export and obtain foreign currency, whilst others could see the downside, namely, that the exportation of wheat might be needed to feed the home population. Very few candidates mentioned that Country A might have the right climate for growing wheat or that it could use foreign currency to pay for goods that it lacked.

Question 2

- (a) Candidates usually successfully identified the role of the wholesaler in the distribution of goods, and often commented on the wholesaler's services both to the producer and to the retailer.
- (b) (i) Many candidates identified an example of a small-scale retailer, which included: unit retailer, mobile shop, hawker or tuck shop. Some candidates gave an example of a large-scale retailer.
(ii) Trade discount was usually understood to be related to buying in bulk between traders, but some candidates instead related it to cash discount.
- (c) (i) A wide range of answers were accepted. Candidates frequently demonstrated the importance of good communication, and many candidates mentioned obtaining orders, providing information or handling complaints.
(ii) Candidates usually described the use of email and telephone. Videoconferencing was not a credible answer.
- (d) This question was often relatively well answered, with most candidates gaining some marks, often into the Level 2 bracket. Candidates often mentioned: the buying power of large-scale retailers and the competition they provide in many towns, and the ability of small-scale retailers to flourish where large-scale retailers are not present, and the services they provide to their customers.

Question 3

- (a) (i) A few candidates answered this question correctly. In the context of a public limited company, 'public' signifies that anyone can own or buy shares.
- (ii) Limited liability was not always well-understood. The liability of shareholders for the debts of the company is limited to the amount of their investment.
- (b) Many candidates were unsure of the difference between a public sector organisation and a public limited company. The former are state-owned and usually provide a public service. The private sector comprises of a range of enterprises owned by private individuals or groups of individuals.
- (c) (i) Candidates were usually able to show why VacVac should use television. Candidates were credited with answers which included use of colour, demonstrations, repeat advertising and the need for mass media.
- (ii) A few candidates answered correctly. The question asked for one example of sales promotion together with reasons for the choice, thus only one mark was available to candidates who gave several examples of sales promotion, with no reasoning.
- (d) Most candidates commented on both options, and provided some reasons for their choice. The command word 'Discuss' indicates that both options should have been discussed with a reasoned recommendation made at the end of the discussion. Answers generally required more depth, and most candidates chose the extension on the car park because it would require less work and customers did not need to park.

Question 4

- (a) Candidates usually identified the correct kind of shop, namely, a supermarket or self-service store.
- (b) (i) A few candidates successfully identified three advantages to the consumer, which included: taking their time, examining the goods before selecting, looking at alternatives, taking less time to shop.
- (ii) Candidates often mentioned the weight of bread or its less appealing aesthetics when compared to cakes. Candidates rarely mentioned that bread is an essential product and that cake, with a lower demand, should be placed at eye level.
- (iii) There were fewer high scoring answers for this question. Lower scores answers would have gained more marks by developing their points more fully, and avoiding repetitive statements. Answers that gained higher marks mentioned that making the goods more recognisable would enable consumers to identify them more easily, developing brand loyalty, making the goods easy to advertise, and enabling self-service to take place.
- (d) Candidates usually provided well-balanced answers, which often mentioned the changes in people's shopping habits, and identified that an online ordering service would give the retailer a competitive edge. Candidates also noted the problems which included the increased costs of delivering, a mismatch between the physical good and their online representation, and the delivery of the wrong goods. Answers which provided a reasoned opinion gained higher marks.

The term 'regional distribution centre' was often not clearly understood. Candidates typically assumed it was a separate organisation, an independent wholesaler rather than the distribution hub of a chain of supermarkets. Some candidates scored marks for emergency supplies and the shop saving on warehousing costs.

Question 5

- (a) A few candidates successfully related their knowledge of multinational companies to multinational banks. These banks have branches in many countries, move money very easily between countries and offer similar services in many countries.
- (i) Most candidates were able to state three services provided by Internet banking.
- (ii) Candidates usually mentioned the withdrawal of cash as a service provided at bank branches.

- (iii) Candidates typically discussed credit cards and hire purchase rather than mentioning more generally the use of credit services.
- (b) A few candidates appreciated that Mel and Bruno would not receive the same amount of compensation, as they could have claimed for different reasons or they might have had different exclusion clauses or one of them may have claimed for more than the value of the loss. Insurance principles that would apply were indemnity and utmost good faith.
- (c) Candidates generally found this question more challenging. Customers of banks and insurance companies might need consumer protection because they are individuals and the banks and insurance companies are very large companies so their bargaining power against them is small. They might need consumer protection because of overcharging or because a claim was not dealt with satisfactorily.

Question 6

- (a) Many candidates correctly calculated working capital. Others showed less understanding of working capital and added all the figures provided in the question.
 - (i) The terms 'assets' and 'liabilities' were well understood, and answers included accurate examples.
 - (ii) Most candidates identified debentures, but some candidates did not correctly manipulate the data.
 - (iii) Many candidates were unsure of how to justify the use of shares, and were unaware that the issuing of shares is time consuming, gives part-ownership of the company, and shares do not have to be repaid. Candidates were generally more comfortable arguing the case for long-term loans, which needed to be repaid with interest, perhaps from profits made. Most candidates did not realise that it is probably better to both issue shares when the company is being set up and borrow from banks when the need arises, without over-committing the company.
- (c) Candidates were able to show that shares are bought by the public on stock exchanges for a public limited company and bought privately often among family members for a private limited company. Some candidates commented on the easy transfer of shares in a public limited company and the need for the agreement of the shareholders in a private limited company.
- (b) Candidates typically mentioned the types of risks that companies might insure against, such as employer's liability, fire and buildings and the need for compensation, rather than look more widely at the question of insurance for businesses as a means of providing a confident atmosphere within which to do business.

Question 7

- (a) (i) Candidates made some attempt to discuss whether or not to use agents, but many answers lacked the depth required for Level 2 answers.
 - (ii) There was some understanding of the work of Customs Authorities, but candidates would have benefitted from tailoring their answer to the context of the question. Candidates were credited with answers which included the inspection of containers, the collection of duties imposed and the enforcement of quotas.
- (b) Some candidates mentioned that wholesalers are under threat when large-scale retailers purchase directly from producers. Candidates would have gained more marks by providing a second circumstance. Credible answers included: when buying perishable goods, when technical goods are sold or when branded goods are sold.
- (c) (i) Most candidates were able to give an example of a commercial activity.
 - (ii) The links between commercial activities and industry were sometimes made, with candidates mentioning industry producing goods and the use of commercial services to sell them.

- (iii) This question was well-answered, and candidates demonstrated that wholesalers purchase goods from suppliers, and sell to retailers. Wholesalers aim to make profits by selling at a higher price than the purchase price.

Question 8

- (a) (i) Although the answer was contained in the data i.e. 15 c, many candidates added the farmer's costs of 20 c, and so were unable to receive marks.
- (ii) Many candidates correctly calculated the percentage spent on marketing.
- (iii) Candidates found this question more challenging. Answers which received more marks would have identified that: the retailer might have higher costs than the juice processing company; the retailer is likely to sell in small quantities; the retailer bears the risk of non-sales and wastage.
- (b) Candidates successfully showed why the juice processing company needs storage. Answers mentioned protection, awaiting sale or transport and ensuring supplies meet demand.
- (c) The topic of packaging in relation to orange juice was generally well-understood. Candidates commented that orange juice is a liquid and that consumers would want to drink from the carton and carry it with them. Others mentioned the need to transport or display the juice.
- (d) Candidates found this question more challenging. Candidates did not always consider that the juice company might move bulk orders in containers, perhaps when exporting, but were more likely to send cartons of juice to fulfil small orders in articulated trucks or vans directly to retailers or to regional distribution centres.