

COMMERCIAL STUDIES

Paper 7101/01 Elements of Commerce

Key messages

Below are some suggestions to help candidates do well in this examination.

- Revise all sections of the syllabus.
- Note the number of marks awarded on each question.
- Use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.
- Read and re-read questions before answering.
- Look for the command and key words in each question.
- Show working out in any calculation questions.
- Candidates should learn succinct and accurate commercial definitions.
- Develop answers with examples and/or application.

General comments

The overall outcome of the examination was very encouraging, with an improvement in performance by candidates in this session. This was evident in the compulsory **Section B Question 6** of the examination paper, where the vast majority of candidates gained good marks on each part of the question. It was evident to the Examiners that all Centres had continued to prepare their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary.

As in previous sessions, some candidates do not always answer at the appropriate level of skill. The command words on the examination paper are particularly relevant to Centres and candidates. Each question indicates the level at which it is based:

AO1 (Knowledge and understanding) This assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. For example, **Question 3(a)(i)** asked candidates to 'Name and describe two international telecommunications services'. Command words such as 'name', 'describe', 'give' and 'state' confirm that the question is at this level.

AO2 (Application) This assessment objective tests candidates' ability to relate their answer to the context. In this examination, the context to **Question 5** was about an airline company. For example, **Question 5(a)** asked candidates to 'draw an organisation chart for the airline company' based on information supplied in the question. Command words such as 'draw', 'why', 'give an example' and 'calculate' confirm the question is at this level.

AO3 (Analysis) This assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 6(a)(ii)** asked candidates to 'identify two examples of incentives to buy the product offered by the advertiser'. Command words such as 'identify', 'compare' and 'analyse' confirm the question is at this level.

AO4 (Evaluation) This assessment objective tests candidates' ability to formulate some judgements. For example, **Question 6(a)(iii)** asked candidates, 'Do you consider the advertisement to be mainly informative or mainly persuasive?' Command words or phrases such as 'do you consider', 'discuss' and 'evaluate' confirm the question is at this level.

One general weakness of candidates is ignoring the number of responses required by some questions. For example, in **Question 4(c)** candidates were asked to 'explain three differences between loans and

overdrafts'. Some candidates gave one or two differences and some gave more than three differences. It should be emphasised to candidates that including fewer than the prescribed number reduces the maximum marks that a candidate can score for that particular question, and that including more than the prescribed number does not gain any more marks but may waste valuable examination time that could be used elsewhere on the paper to score marks.

Comments on specific questions

Question 1

- (a) The best answers gave accurate definitions of each of the commercial terms, supported by relevant examples. For example, a consumer was usually defined as a person who buys or uses goods. Named purchases were often given as a valid example. Most candidates scored at least one mark out of the two marks available for each of the four commercial terms. Some candidates defined the terms but did not give examples.
- (b) Good answers explained the chain of production from the producer to the final consumer. However, many candidates did not go beyond the 'end-user' explanation of the place of the consumer in the chain of production.
- (c) Stronger answers applied good knowledge of trade and aids of trade to this question. Such answers, for example, explained how the role of transport would help in ensuring that goods are made available in the right place and at the right time. Moreover, the role of wholesalers was often explained in terms of ensuring that goods are available in the right quantities. Weaker answers did not identify and apply relevant activities of trade or aids to trade.

Question 2

- (a) There were many excellent answers to this part, with many candidates scoring full marks. Such answers often focused on the fact that unit retailers are small shops with limited capital whereas supermarket chains are large stores with large amounts of capital.
- (b) Strong answers explained various features of supermarkets that account for their growth, such as buying in bulk, leading to cheaper supplies and then passing that on to customers with lower prices. Other answers gave less detailed points or explained the growth in terms of population growth and general living standards.
- (c) Answers to this part of the question could have been improved by explaining each of the two ways identified with an example or further application.
- (d) This question required candidates to explain two ways for 3 marks each. The best answers identified the first way, such as wholesalers carry out warehousing, and then explained fully the benefits of warehousing, such as the retailer can access stock when necessary and does not have to spend money on a warehouse. Weaker answers listed wholesaling functions without explaining how they benefited the small retailer.

Question 3

Candidates attempting this question demonstrated good general knowledge about international telecommunications and documentation.

- (a) (i) The best answers scored highly by correctly naming and describing two valid international telecommunications services. However, the essential difference between video-conferencing and teleconferencing was sometimes not clear in some answers. It needs to be pointed out that unqualified one-word comments such as 'easier', 'cheaper' and 'faster' do not score marks.
- (ii) Stronger answers explained that telecommunications are needed for buyers to contact sellers abroad, to order goods, to sort out business problems and to save time/expenses in having to meet face-to-face. Those candidates who did not give examples tended to score fewer marks.
- (b) (i) This question demanded knowledge and understanding of transport documents rather than details about the means of transport.

- (ii) Strong answers explained that sea transport is more suitable for heavy and bulky goods and gave appropriate examples.
- (c) A frequent and valid answer by candidates was 'to provide foreign currency so as to pay for imports, and to create jobs which increase people's standard of living'.

Question 4

- (a) Better answers referred to the use of credit cards in buying goods, and paying later after receiving a credit card statement. The best answers on direct debits did not confuse the term with debit cards and described how the service transfers variable sums of money to a creditor.
- (b) The best answers referred to factors such as safety, greater usage overseas and no issues of dishonoured cheques. Weaker answers compared credit cards with cash.
- (c) The best answers gave three clear differences between loans and overdrafts. For example, loans are for a fixed sum of money, for a long period and require no current account, whereas an overdraft is up to a maximum sum, for a short period and available only to current account holders. Points about 'loans always charging higher interest rates' were incorrect.
- (d) The correct answer was \$4000.

Question 5

Overall, **Question 5** was well attempted.

- (a) Many candidates achieved maximum marks for the drawing of the organisation chart. Marks were lost if parts of the chart were missed out, for example, not including all five departments.
- (b) Good candidates recognised the similarities, such as companies having limited liability and share-owners being company owners. Weaker answers stated similarities without any development or gave incorrect answers, such as companies being owned by partners.
- (c) Strong answers explained that bonded warehouses are located at ports and store dutiable goods, whereas ordinary warehouses may be located anywhere and store non-dutiable goods.
- (d) The topic of procedures for company meetings continues to be part of the syllabus that seems to be less well known by many candidates.
- (e) The better answers focused on the benefits to the company rather than to the customer.

Question 6

- (a) (i) and (ii) The majority of candidates scored 2 or 3 marks in these parts.
 - (iii) An incorrect answer was to suggest that the advertisement was only informative. Better answers referred to the advertisement as being persuasive, quoting the gifts and discount offered as persuasive elements.
 - (iv) Strong answers stated that branding helps to distinguish brands from competitors, helps customers to recognise the product and develop brand loyalty, and increases sales.
 - (v) Strong answers to this question stated that packaging protects goods, gives information such as expiry dates and ingredients, and makes lifting and carrying goods easier. Weaker answers gave fewer points or included less development of points made.
- (b) There was generally good knowledge demonstrated by many candidates about the advantages and disadvantages of using newspaper advertising compared with television advertising. In fact, some candidates scored four to five marks or the maximum of six marks for this part.

Question 7

- (a) (i) The need for insurance to provide compensation in the case of an accident was a common valid answer given by some candidates.
- (ii) Stronger answers correctly named and described two insurable risks, such as fire, theft and public liability insurance. Weaker answers gave incorrect answers, such as personal insurance or non-insurable risks.
- (iii) Most candidates correctly defined a premium as a regular payment to an insurance company for insurance cover.
- (iv) The best answers stated that comparing insurance companies allows Ian to find the best deal, which would reduce his insurance costs.
- (b) (i) Many valid steps in taking out an insurance policy were given by many candidates, such as completing a proposal form with full details, paying the premium, cover note being issued and signing the policy. Weaker answers identified fewer steps.
- (ii) There was good knowledge and understanding demonstrated on a principle of insurance when taking out an insurance policy. For example, some candidates chose utmost good faith. Good answers explained that policy-holders have to tell the truth on the proposal form because the insurer could refuse to pay out on the claim if this is not done. Other candidates chose insurable interest. Many candidates recognised that, under the principle of insurable interest, one can insure their own property but not someone else's property. Other points that could have been included were that someone might be tempted to destroy someone's property and gain money if they were allowed to insure it.

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Paper 7101/02

Arithmetic

Key Messages

- Candidates must show the arithmetic operations that they are carrying out if credit is to be given when their answer is incorrect. They should avoid writing statements which have no mathematical meaning such as

$$\begin{array}{r} 1.82 \\ \times 3.8 \\ \hline \end{array}$$

- Giving answers to the accuracy specified in the question is essential otherwise marks will be lost.
- Candidates should make sure that they understand all the commercial terms contained in the syllabus.

General Comments

There was no evidence at all that candidates were short of time as some even attempted all 4 questions in **Section B**.

The presentation of the work was good this year but many candidates showed little or no mathematical working in some questions.

A number of candidates used log tables, which caused some problems with questions such as **Question 7** as they could not deal with all the significant figures.

Particular Comments

Question 1

Very well answered with the exception of part (c).

The candidates who made errors in part (a) failed to use the correct order of operations.

In part (c) all possible multiplications and divisions of 5 and 320 were seen. Some candidates achieved 15.625 in the working and then rounded up instead of down.

Answers: (a) 121.95 (b)(i) 0.625 (ii) 62.5 (c) 15

Question 2

Very well answered with the exception of part (c) and the failure to observe the accuracy requirements. In Part (a) the weakest candidates worked with their answer to part (i) instead of the price given in the question.

In part (b) most candidates took this to be a straightforward % question and found 29.2% of \$14.82.

Answers: (a)(i) 1.39 (ii) 56 (b) 20.93

Question 3

The most able half of the candidates scored close to full marks on this question.

In part (a) the weaker candidates omitted the 100 from the simple interest formula or quoted it incorrectly.



Part **(b)** was much better done this year than in previous years, with all but the weakest candidates scoring full marks.

Answers: **(a)** 3.5 **(b)(i)** 414.40 **(ii)** 175

Question 4

In part **(a)(i)** few candidates simplified the ratio correctly. The rest of part **(a)** was generally well done even if **(i)** was incorrect.

Part **(b)** was very well done by all but the weakest candidate. The most common error was to misunderstand the term depreciation and have the car increase in value.

Answers: **(a)(i)** 4 : 8 : 3 **(ii)** 38 096 **(iii)** 15 385.50 **(b)** 17 630

Question 5

The general method in part **(a)** was well understood. Many candidates lost marks for not having a correct date shift column or indeed not using one at all and working with the numbers in the question and ignoring the month.

In part **(b)** the candidates with errors thought that the prompt payment discount was on the total price instead of the discounted price. Others tried to use the \$15000 in the calculation.

Answers: **(a)** May 12 **(b)** 20 392.32

Question 6

This question was generally well done if somewhat badly presented.

In part **(a)** quite a number of candidates discounted either the buildings or the contents but not both, rounding errors were much in evidence.

Part **(b)** was better done but many candidates failed to find the profit, stopping at converting the dollars back into pounds.

Answers: **(a)** 1170.69 **(b)** 152 000

Question 7

Candidates should be advised to space out large numbers so that they can see that they have the correct number of zeros, e.g. 17 250 000.

Part **(a)** was very well done by all candidates.

Part **(b)** was very well done by many candidates. The remainder seemed to be somewhat unsure of the meaning of some of the technical terms in the question.

In part **(c)** large numbers of candidates incorrectly subtracted 14 or divided by 0.14.

Answers: **(a)** 17 250 000 10 800 000 6 750 000 5 7000 000 **(b)(i)** 67 680 000 **(ii)** 11.9 **(c)** 19 15 200

SECTION B

Question 8

Part **(b)** was exceptionally well done but in other parts some candidates mistakenly used 100 minutes in an hour rather than 60.

Answers: **(a)** 32 **(b)** 281.60 **(c)(i)** 8.6 **(ii)** 13.44

Question 9

Parts of **(a)** needed improvement. In the first two parts candidates confused the terms and 4.61 was very common in part **(i)**. Part **(iii)** was much better done but candidates should be encouraged to read the question carefully as many found the mean of all the figures. Part **(b)** was much better answered.

Answers: **(a)(i)** 4.15 **(ii)** 4.26 **(iii)** 4.5 **(b)** 6396

Question 10

Part **(a)** was particularly well done. The graph work in part **(b)** was generally well answered, but there were some errors in plotting. Most candidates were unable to answer part **(c)**.

Answers: **(a)** 80 85 125 160 195
(b)(i) straight line from (0, 80) to (200, 90) and then on to (500, 195) **(ii)** option B
(c) 371

Question 11

Part **(a)** was very well done by most candidates, parts **(b)** and **(c)** only by the top half of the candidates. Part **(d)** was beyond the reach of many candidates.

Answers: **(a)** 8428.16 **(b)** 273 **(c)** 6.25 **(d)** 1.32

COMMERCIAL STUDIES

Paper 7101/03 Text Processing
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Key messages

- Candidates are still losing accuracy marks in Task 1 due to the time restriction, but over the whole paper, accuracy is good.
- Candidates should learn how to present a business documents accurately.

General comments

This year a distinct improvement in accuracy and presentation was noted. This improvement indicated that candidates had taken time to read through the paper and become familiar with the theme. Another indicator was that candidates have developed very good proofreading skills. There was also a marked improvement in the accuracy and interpretation of instructions, handwritten notes and correction signs. Overall, tasks were produced displaying a very high level of knowledge of business documents. All Centres and candidates are to be commended for the significant improvement in accuracy and presentation skills this year.

Comments on specific tasks

Task 1

A good percentage of candidates completed this task in the given time. Candidates were consistent in style and layout but marks were lost on accuracy due to the time restriction.

Task 2

Overall, candidates produced a leaflet displaying an excellent level of presentation and accuracy. Most candidates achieved very good marks for this task.

Common errors included

- inconsistent line-spacing after headings;
- ruling of the three-column table;
- lack of knowledge of abbreviation signs – e.g. wl (will), w (with) and yr (your).

Task 3

The main aim of this task is to produce business documents from written instructions in a form which would be acceptable for signature. Overall, candidates achieved good marks for accuracy, tone, punctuation and grammar. Most candidates composed a business letter which accurately conveyed the writer's meaning. Candidates made reference to all given notes and good marks were awarded for presentation and interpretation of instructions. However, marks were lost due to the following:

- lack of understanding/knowledge of fully blocked open punctuation;
- inconsistent line-spacing between parts of the letter;
- incorrect salutation/complimentary close;
- date abbreviated – must be displayed in full e.g. 10 November 2011;
- subject heading incorrectly placed – must be placed after salutation with correct/consistent line-spacing.

Task 4

- (a) This task was completed in a professional manner. Correct format was used across all Centres.
- Names and designations of both sender and recipient were placed correctly and accurately. Many candidates were able to identify and include Enc at the end of the memo.
- (b) As in **Task 4(a)** above, excellent marks were awarded across all Centres. Layout, presentation and in particular accuracy of this task enabled candidates to achieve high marks.

Task 5

- (a) Candidates who completed this task did so with accuracy and good use of interliner. All information was correctly placed.
- (b) This year it was evident that candidates enjoy working with ruled tabulation. This was evident from the excellent marks that were achieved across all Centres.