

COMMERCE

Paper 7100/11
Multiple Choice

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

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

The mean score was 26.500 with a standard deviation of 4.410, though the statistics could be misleading as there were only 20 candidates. No candidate scored below 18 marks and the highest mark was 34.

Candidates found the following questions relatively easy – **Questions 2, 4, 6, 7, 8, 9, 10, 12, 13, 18, 22, 23, 26, 34, 35, 37 and 38.**

Some of the items that included pictures, diagrams or data were accurately answered, such as **Question 2, Question 12 and Question 26.**

Candidates found some questions particularly difficult. In **Question 5** several candidates thought that Option B was the correct answer instead of Option C. In **Question 17** there was an element of guessing with some candidates choosing each of the four options. In **Question 20** a number of candidates thought that the brand name, Option A, was the correct answer instead of target customers, Option D.

Question 24, the diagram about the total volume of freight, proved difficult for some candidates. Some chose Option A instead of Option D. In **Question 25** more candidates chose air and rail, Option A, instead of the correct answer, Option C. Again, in **Question 28** candidates chose Option D instead of Option A. Candidates who carry warehouses do not sell goods in large bulk. In **Question 30** many candidates showed that they do not understand the principle of indemnity. There was an element of guessing, with Option C being the correct answer. In **Question 32** Option B attracted several answers instead of Option C, the correct answer. ATMs provide cash after banking hours. In **Question 33** there was an element of guessing, with all options attracting responses. Option D was the correct answer. **Question 39** was quite a difficult question. All options attracted responses, showing that the concept of rate of turnover is not fully understood. Option D was the correct answer. **Question 40** on net profit proved difficult, with many candidates choosing Option D, gross profit, instead of Option A, the correct answer.

COMMERCE

Paper 7100/12
Multiple Choice

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

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

The mean score was 30.112 with a standard deviation of 5.679. A very high standard of work was shown by many candidates. Over 700 of the candidates scored 30 marks or more and 8 candidates achieved full marks. No candidate scored below 9 marks.

Candidates found the following questions relatively easy and they had a high facility – **Questions 1, 2, 4, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 18, 22, 23, 26, 34, 36, 37 and 40.**

Some of the items that included pictures, diagrams or data were accurately answered, such as **Questions 2, 11, 12, 15, 26 and 40.**

Candidates found some questions difficult. In **Question 3** several candidates thought that Option A was the correct answer instead of Option B. In **Question 5** some candidates chose Option B rather than Option C, the correct answer. In **Question 25** many candidates chose air and rail, Option A, instead of the correct answer, Option C.

General Certificate of Education Ordinary Level
7100 Commerce June 2011
Principal Examiner Report for Teachers

In **Question 27** Option B attracted a considerable number of responses. Interest cannot be used as capital that is invested in goods because it is no longer capital. Option A was the correct answer. In **Question 28** candidates chose Option D instead of Option A. Cash and carry warehouses do not sell in large bulk, although they do provide a wide choice. Small-scale retailers are looking for competitive prices, so Option A was the correct answer.

In **Question 30** many candidates showed that they did not understand the principle of indemnity. There was an element of guessing, with Option C being the correct answer. In **Question 33** there was an element of guessing with most of the options attracting responses. Option D was the correct answer. Again, in **Question 35** it was clear that many candidates were guessing as all options attracted many responses, Option D being the correct answer. In **Question 38** the question stated 'purchase', leasing in Option B is not a way of purchasing a car, only a method of renting it for a period of time.

COMMERCE

Paper 7100/13
Multiple Choice

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

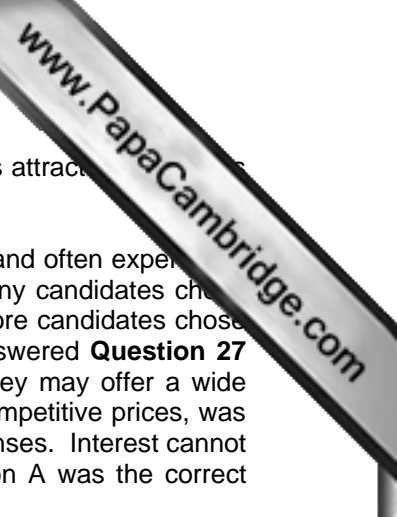
The multiple choice paper set consisted of 40 four-option items, with some questions involving pictorial or diagrammatic data and some requiring candidates to undertake calculations.

The mean score was 23.317 with a standard deviation of 4.273. This paper was taken by just over 100 candidates. The highest mark achieved was 35. No candidate scored below 13 marks.

Candidates found the following questions relatively easy and they had a high facility – **Questions 1, 2, 3, 8, 9, 11, 12, 13, 22, 23, 24, 25, 36** and **40**.

Some of the items that included pictures, diagrams or data were accurately answered, such as **Questions 3, 11, 13, 24** and **25**. Others caused difficulty.

Candidates found some questions particularly difficult. In **Question 4** more candidates thought that Option A was the correct answer than Option B, the correct answer. In **Question 6** many candidates chose Option B rather than Option C, the correct answer. In **Question 15** there was an element of guessing, with Options B and D attracting many responses. Many candidates were unable to calculate the Balance of Payments in **Question 16**, with all options attracting some responses. In **Question 18** candidates confused informative



advertising with persuasive advertising, the correct answer for this question. All options attracted responses in **Question 19**. Option B was the correct answer.

Option D attracted many responses in **Question 20**. A website is not cheap to set up and often expensive to employ to set up websites. Option A was the correct answer. In **Question 21** many candidates chose Option A, the brand name, rather than Option D, target customers. In **Question 26** more candidates chose air and rail, Option A, rather than the correct answer, Option C. Many candidates answered **Question 27** incorrectly. Cash and carry warehouses do not sell goods in large bulk (although they may offer a wide choice), they do not deliver goods and they do not offer credit. Therefore Option A, competitive prices, was the correct answer. In **Question 28** Option B attracted a considerable number of responses. Interest cannot be gained on capital that is invested in goods because it is no longer capital. Option A was the correct answer.

Candidates found the topic of Insurance difficult. In **Question 29**, all options attracted responses. Option D was the correct answer. In **Question 30** Option D attracted many responses – insurance cannot prevent a fire, only provide compensation when one takes place. In **Question 31** many candidates showed that they did not understand the principle of indemnity. There was an element of guessing, with Option C being the correct answer.

Finance for exporters was not understood in **Question 32**. The correct answer, Option D, attracted few responses, with many candidates choosing either Option A or Option B. In **Question 34** there was an element of guessing with most of the options attracting responses. Option C was the correct answer. Again, in **Question 37** all options attracted many responses, Option D being the correct answer. Responses to **Question 38** about the rate of turnover showed some confusion amongst candidates. The rate of turnover is the number of times a trader sells the average stock held each year, so Option D was the correct answer. Many candidates calculated the net profit in **Question 39** but several chose Option D, the gross profit figure.

COMMERCE

Paper 7100/21

Written

Key messages

- To score good marks in this paper, candidates need to present developed answers to the questions with a high mark tariff i.e. 6 marks.
- Candidates should present reasoned answers, offering discussion of the issue or problem presented with a clear judgement or recommendation.
- Answers should be written in the context of the question set.
- Attention should be paid to the command words for each question.

General comments

Candidates are required to answer four questions from a choice of eight in Paper 2. Many of the questions covered more than one topic from the syllabus. The standard of work was impressive with many candidates producing work of a very high standard and some candidates gaining full or nearly full marks. Many candidates showed excellent commercial knowledge and an ability to develop a reasoned answer in the context of a particular scenario or problem. These candidates presented well-constructed answers, followed the rubric of the questions chosen and gave reasoned opinions and judgements. Each question contained a part questions that was marked with a Levels of Response mark scheme. Good candidates often achieved full marks for these questions. Weaker candidates presented very brief answers and needed to answer the questions set, complete all parts of questions, and use all the marks for a part question.

Most of the candidates paid attention to the command words or key words of the questions and to the mark allocations for the part questions. This enabled them not to waste time on writing at length when only one or two marks were offered. Some candidates still wrote a paragraph when there was only one mark available, e.g. **Question 5(c)(ii)** and **(d)(i)**. Some parts of all the questions were marked according to a Levels of Response mark scheme – **1(a), 2(d), 3(a)(ii), 4(b), 5(e), 6(c), 7(d)** and **8(b)**. Candidates who wrote developed answers and gave reasons for their opinions were able to gain Level 2 marks. Candidates who presented lists for these questions or made brief comments remained in Level 1. Those who missed out parts of an answer, e.g. who in **Question 2(d)** did not comment on the disadvantages of email and telephone, were also penalised. It should be remembered that it is important to develop points – to say why something is important or why something is the better choice. If candidates offer some argument in their answers, consider all the options mentioned and follow the rubric of the question, they will then achieve a higher level and so more marks.

Some candidates attempted more than the four questions required. The scripts were generally well presented with good use of paragraphs but some candidates' work was very difficult to read because of untidiness or crossings out. Many candidates started each new question on a separate sheet with the question chosen clearly stated in the margin. This was helpful and is to be recommended.

Comments on specific questions

Question 1

- (a) Candidates used the scenario to explain their answers. Stating that trade is buying and selling for profit enabled candidates then to show how Ahmed was involved in trade. Some candidates concentrated on buying and selling and did not mention profit. Some candidates wrote about some of the aids to trade. Better candidates tried to quantify the extent to which Ahmed was involved in trade.

- (b) This question was well answered, with many candidates achieving full marks. Some offered a common-sense approach. Others wanted to apply the full force of the law.
- (c) (i) Many candidates understood the concept of informal credit as credit given by small-scale retailers to customers known to them involving with little or no paper work. Others wrote generally about credit and gained no marks.
 - (ii) Many candidates stated two advantages of credit to the customer, such as postponing payment and being safer than carrying cash.
 - (iii) Although candidates understood the concept of credit from the point of view of the retailer, many needed to develop their answer in order to gain the second mark.
- (d) Candidates could show the advantages to Ahmed of owning his own van and were able to offer well-reasoned answers in context. Many answers concentrated on advantages such as flexibility, saving costs, and the ability to hire out his services when the van was not needed for his business.

Question 2

Candidates presented well-developed answers to most parts of this question except for Part (c). Some candidates interpreted the canned meat as processed food in need of cold storage in their answers.

- (a) Most candidates were able to offer two reasons for needing a warehouse. Some candidates needed to develop their answers.
- (b) Candidates presented a wide variety of answers to this question. Many explained three difficulties clearly, usually distance, language, currency, costs of transport and possible non-payment. Most answers were developed and a large number of candidates scored full marks.
- (c) Some candidates showed good knowledge of the work of freight forwarders – organising transport, preparing documents, arranging insurance and storage – but others wrote about air freight or thought that freight forwarders were agents who arranged the sale of the meat.
- (d) Candidates usually followed the rubric of the question and discussed the advantages and disadvantages of both email and telephone and followed this with a reasoned recommendation. Some candidates lost marks because they forgot to give a recommendation.

Question 3

- (a) (i) Candidates who wrote that Internet shopping was shopping or buying and selling on the Internet gained no marks. Candidates who described Internet shopping as shopping online with the use of credit cards or buying online using debit cards gained full marks.
 - (ii) Some good discussions were seen in answer to this question. Candidates either debated both sides of the argument or presented a one-sided approach. Both were acceptable but some candidates needed to give an opinion in order to gain more marks.
- (b) A wide-ranging set of reasons was seen but some candidates thought that a shopping centre was either a hypermarket/supermarket or a department store, rather than a collection of shops both large and small. Good answers included comment on one-stop shopping, better facilities, car parking, attractive new buildings and access to cheaper goods.
- (c) Candidates were asked to explain three actions that town centre shops might take. Some candidates presented lists of suggestions instead of developing their answers. This limited their marks.

Question 4

- (a) (i) This was usually well answered, with candidates mentioning interest and the need for future development.
- (ii) Candidates were able to suggest two means of payment but payment from an ATM was not accepted.
- (b) Many candidates appreciated the relative merits of leasing and owning the trucks; some candidates confused leasing with hire purchase by suggesting that trucks would be owned when making the final payment. Many candidates recommended ownership with good reasoning.
- (c) Candidates were usually able to score the two marks offered for each part. Repeat answers about compensation were allowed.
- (d) Many candidates were able to score full marks by commenting on indemnity and reasoning that the company would receive only \$15m, not \$17m, because it was not allowed to make a profit out of a loss.

Question 5

- (a) Although many candidates were able to describe advertising coverage as the target market or number of people the advertising is designed to reach, some candidates mistakenly wrote about advertising media.
- (b) Most candidates chose television and scored full marks. Other mass media accepted included the Internet, billboards and magazines.
- (c) (i) and (ii) The topic of methods of appeal was understood by some candidates, who gave a worthwhile example. Methods of appeal are tools or devices that are used for attracting customers and that play on the emotions. They may relate to the content of the advertisement or to actions shown in the advertisement.
- (d) (i) Most candidates correctly identified Smiley.
- (ii) Branding was well understood, with many candidates commenting on differentiation of products.
- (iii) Candidates were able to identify whether they thought the advertisement was persuasive or informative. Some candidates were able to justify that it was both.
- (e) Weaker candidates gave descriptions of sole traders and multinational companies. Others thought that multinationals used persuasive advertising and sole traders used informative advertising. Many candidates gave thoughtful, well-constructed answers showing the differences, often because of budget, between the advertising undertaken by the two types of business. Only the best candidates were able to show some similarities – the need by both to inform and persuade people to buy their goods and services.

Question 6

- (a) Some candidates were able to show how Broadway Motors was involved in the chain of production - buying from the car manufacturer and selling to consumers. Others needed to explore the other parts of the chain of production, the idea of cars being produced from raw materials and then manufactured in a factory before being sold to Broadway Motors and omitted comment on the three stages of production – primary, secondary and tertiary.
- (b)(i) and (ii) These were usually accurately calculated. Some candidates used \$12 000 instead of \$9000 in Part (i) so the answer was 25%. They gained two marks. Own Figure Rule was allowed between Parts (i) and (ii).
- (iii) This was usually well answered but the receipt was not allowed as it is not used before the customer pays the bill.
- (iv) Few candidates knew the precise meaning of E & OE – Errors and Omission Excepted – but were able to score marks on comment about the correction of errors.
- (c) Candidates should have considered both the Internet bank account and using a local branch in the context of the question. Many answers were superficial. Some candidates' responses read as if it was the customer who was using both accounts rather than Broadway Motors.

Question 7

- (a)(i) and (ii) Most answers were correct with working clearly shown. Own Figure Rule was accepted between Parts (i) and (ii).
- (b) Most candidates were able to give two valid expenses - although a number of candidates considered raw materials to be an expense rather than a cost of sales.
- (c) There were many good answers which appreciated the need to increase gross profit and turnover or to decrease expenses. Candidates developed their answers and often scored full marks.
- (d) Most candidates were able to appreciate the relative merits and demerits of loans and becoming a private limited company. There was some confusion between partners and shareholders and between public limited companies and private limited companies in some answers. Some candidates omitted a recommendation.

Question 8

- (a)(i) Only one benefit was required. Some candidates failed to explain one benefit and stated two instead. A few candidates confused public limited companies with public corporations.
- (ii) Many candidates appreciated the fact that their investment might be safer because Big Bloom Ltd was a large company.
- (b) Candidates showed good knowledge of free trade and also protectionist policies. The best candidates emphasised the threat of competition in countries operating free trade policies.
- (c) Some candidates identified the need to collect statistics to calculate the Balance of Trade and the Balance of Payments as well as to show trends in international trade but many concentrated on the role of customs in trying to prevent illegal trade or to collect duties. These answers gained no marks.
- (d) There were many valid factors suggested in context such as cost of transport, quantities to be transported, distance, value and the nature of the goods. Some candidates considered types of transport rather than answering the question set and so gained few marks.

COMMERCE

Paper 7100/22

Written

Key messages

- To score good marks in this paper, candidates need to present developed answers to the questions with a high mark tariff i.e. 6 marks.
- Candidates should present reasoned answers, offering discussion of the issue or problem presented with a clear judgement or recommendation.
- Answers should be written in the context of the question set.
- Attention should be paid to the command words for each question.

General comments

Candidates are required to answer four questions from a choice of eight in Paper 2. Many of the questions covered more than one topic from the syllabus. The standard of work was impressive with many candidates producing work of a very high standard and some candidates gaining full or nearly full marks. Many candidates showed excellent commercial knowledge and an ability to develop a reasoned answer in the context of a particular scenario or problem. These candidates presented well-constructed answers, followed the rubric of the questions chosen and gave reasoned opinions and judgements. Each question contained a part question that was marked with a Levels of Response mark scheme. Good candidates often achieved full marks for these questions. Weaker candidates presented very brief answers and needed to answer the questions set, complete all parts of questions, and use all the marks for a part question.

Most of the candidates paid attention to the command words or key words of the questions and to the mark allocations for the part questions. This enabled them not to waste time on writing at length when only one or two marks were offered. Some candidates still wrote a paragraph when there was only one mark available, e.g. **Questions 5(c)(ii)** and **(d)(i)**. Some parts of all the questions were marked according to a Levels of Response mark scheme – **1(a), 2(d), 3(a)(ii), 4(b), 5(e), 6(c), 7(d)** and **8(b)**. Candidates who wrote developed answers and gave reasons for their opinions were able to gain Level 2 marks. Candidates who presented lists for these questions or made brief comments remained in Level 1. Those who missed out parts of an answer, e.g. who in **Question 2(d)** did not comment on the disadvantages of email and telephone, were also penalised. It should be remembered that it is important to develop points – to say why something is important or why something is the better choice. If candidates offer some argument in their answers, consider all the options mentioned and follow the rubric of the question, they will then achieve a higher level and so more marks.

Some candidates attempted more than the four questions required. The scripts were generally well presented with good use of paragraphs but some candidates' work was very difficult to read because of untidiness or crossings out. Many candidates started each new question on a separate sheet with the question chosen clearly stated in the margin. This was helpful and is to be recommended.

Comments on specific questions

Question 1

- (a) Candidates used the scenario to explain their answers. Stating that trade is buying and selling for profit enabled candidates then to show how Ahmed was involved in trade. Some candidates concentrated on buying and selling and did not mention profit. Some candidates wrote about some

of the aids to trade. Better candidates tried to quantify the extent to which Ahmed was helped by the aids to trade.

- (b) This question was well answered, with many candidates achieving full marks. Some candidates offered a common-sense approach. Others wanted to apply the full force of the law.
- (c) (i) Many candidates understood the concept of informal credit as credit given by small-scale retailers to customers known to them involving little or no paperwork. Others wrote generally about credit and gained no marks.
 - (ii) Many candidates stated two advantages of credit to the customer, such as postponing payment and being safer than carrying cash.
 - (iii) Although candidates understood the concept of credit from the point of view of the retailer, many needed to develop their answer in order to gain the second mark.
- (d) Candidates could show the advantages to Ahmed of owning his own van and were able to offer well-reasoned answers in context. Many answers concentrated on advantages such as flexibility, saving costs, and the ability to hire out his services when the van was not needed for his business.

Question 2

Candidates presented well-developed answers to most parts of this question except for part (c). Some candidates interpreted the canned meat as processed food in need of cold storage in their answers.

- (a) Most candidates were able to offer two reasons for needing a warehouse. Some candidates needed to develop their answers.
- (b) Candidates presented a wide variety of answers to this question. Many explained three difficulties clearly, usually distance, language, currency, costs of transport and possible non-payment. Most answers were developed and a large number of candidates scored full marks.
- (c) Some candidates showed good knowledge of the work of freight forwarders – organising transport, preparing documents, arranging insurance and storage – but others wrote about air freight or thought that freight forwarders were agents who arranged the sale of the meat.
- (d) Candidates usually followed the rubric of the question and discussed the advantages and disadvantages of both email and telephone and followed this with a reasoned recommendation. Some candidates lost marks because they forgot to give a recommendation.

Question 3

- (a) (i) Candidates who wrote that Internet shopping was shopping or buying and selling on the Internet gained no marks. Candidates who described Internet shopping as shopping online with the use of credit cards or buying online using debit cards gained full marks.
 - (ii) Some good discussions were seen in answer to this question. Candidates either debated both sides of the argument or presented a one-sided approach. Both were acceptable but some candidates needed to give an opinion in order to gain more marks.
- (b) A wide-ranging set of reasons was seen but some candidates thought that a shopping centre was either a hypermarket/supermarket or a department store, rather than a collection of shops both large and small. Good answers included comment on one-stop shopping, better facilities, car parking, attractive new buildings and access to cheaper goods.
- (c) Candidates were asked to explain three actions that town centre shops might take. Some candidates presented lists of suggestions instead of developing their answers. This limited their marks.

Question 4

- (a) (i) This was usually well answered, with candidates mentioning interest and the need for future development.
- (ii) Candidates were able to suggest two means of payment but payment from an ATM was not accepted.
- (b) Many candidates appreciated the relative merits of leasing and owning the trucks; some candidates confused leasing with hire purchase by suggesting that trucks would be owned when making the final payment. Many candidates recommended ownership with good reasoning.
- (c) Candidates were usually able to score the two marks offered for each part. Repeat answers about compensation were allowed.
- (d) Many candidates were able to score full marks by commenting on indemnity and reasoning that the company would receive only \$15m, not \$17m, because it was not allowed to make a profit out of a loss.

Question 5

- (a) Although many candidates were able to describe advertising coverage as the target market or number of people the advertising is designed to reach, some candidates mistakenly wrote about advertising media.
- (b) Most candidates chose television and scored full marks. Other mass media accepted included the Internet, billboards and magazines.
- (c) (i) and (ii) The topic of methods of appeal was understood by some candidates, who gave a worthwhile example. Methods of appeal are tools or devices that are used for attracting customers and that play on the emotions. They may relate to the content of the advertisement or to actions shown in the advertisement.
- (d) (i) Most candidates correctly identified Smiley.
- (ii) Branding was well understood, with many candidates commenting on differentiation of products.
- (iii) Candidates were able to identify whether they thought the advertisement was persuasive or informative. Some candidates were able to justify that it was both.
- (e) Weaker candidates gave descriptions of sole traders and multinational companies. Others thought that multinationals used persuasive advertising and sole traders used informative advertising. Many candidates gave thoughtful, well-constructed answers showing the differences, often because of budget, between the advertising undertaken by the two types of business. Only the best candidates were able to show some similarities – the need by both to inform and persuade people to buy their goods and services.

Question 6

- (a) Some candidates were able to show how Broadway Motors was involved in the chain of production – buying from the car manufacturer and selling to consumers. Others needed to explore the other parts of the chain of production, the idea of cars being produced from raw materials and then manufactured in a factory before being sold to Broadway Motors and omitted comment on the three stages of production – primary, secondary and tertiary.
- (b) (i) and (ii) These were usually accurately calculated. Some candidates used \$12 000 instead of \$9000 in part (i) so the answer was 25%. They gained two marks. Own Figure Rule was allowed between parts (i) and (ii).
- (iii) This was usually well answered but the receipt was not allowed as it is not used before the customer pays the bill.

- (iv) Few candidates knew the precise meaning of E & OE – Errors and Omission Excepted. Some candidates were unable to score marks on comment about the correction of errors.
- (c) Candidates should have considered both the Internet bank account and using a local branch in the context of the question. Many answers were superficial. Some candidates' responses read as if it was the customer who was using both accounts rather than Broadway Motors.

Question 7

- (a) (i) and (ii) Most answers were correct with working clearly shown. Own Figure Rule was accepted between parts (i) and (ii).
- (b) Most candidates were able to give two valid expenses – although a number of candidates considered raw materials to be an expense rather than a cost of sales.
- (c) There were many good answers which appreciated the need to increase gross profit and turnover or to decrease expenses. Candidates developed their answers and often scored full marks.
- (d) Most candidates were able to appreciate the relative merits and demerits of loans and becoming a private limited company. There was some confusion between partners and shareholders and between public limited companies and private limited companies in some answers. Some candidates omitted a recommendation.

Question 8

- (a) (i) Only one benefit was required. Some candidates stated two benefits instead of explaining one in detail. A few candidates confused public limited companies with public corporations.
- (ii) Many candidates appreciated the fact that their investment might be safer because Big Bloom Ltd was a large company.
- (b) Candidates showed good knowledge of free trade and also protectionist policies. The best candidates emphasised the threat of competition in countries operating free trade policies.
- (c) Some candidates identified the need to collect statistics to calculate the Balance of Trade and the Balance of Payments as well as to show trends in international trade but many concentrated on the role of customs in trying to prevent illegal trade or to collect duties. These answers gained no marks.
- (d) There were many valid factors suggested in context such as cost of transport, quantities to be transported, distance, value and the nature of the goods. Some candidates considered types of transport rather than answering the question set and so gained few marks.

COMMERCE

Paper 7100/23

Written

Key messages

To score well on this paper, candidates need to pay attention to the mark allocations for individual questions.

Candidates should present **reasoned** answers to those questions with a high mark tariff, i.e. questions offering 5 or 6 marks, offering **discussion of an issue or problem**.

Candidates need to study and answer many of the part questions in the **overall context** of the questions set.

General comments

Candidates are required to answer four questions from a choice of eight in Paper 2. Many of the questions covered more than one topic from the syllabus. Only a few candidates achieved over 75% of the marks available. These candidates showed good commercial knowledge and an ability to develop an answer in the context of a particular scenario. Weaker candidates presented short responses and omitted parts of questions. To access higher marks, they needed to ensure that they answered the questions set, that they used all the marks available for a part question and that they presented reasoned answers to the questions carrying higher mark tariffs.

The paper consisted of structured questions and data response questions. Each of the 8 questions contained some easy parts, e.g. **1(a), 1(d), 2(a), 3(a), 4(d), 5(c), 6(a), 7(d)** and **8(b)**, but there were also parts in each question that were more testing, e.g. **1(c), 2(c), 3(c)** and **(e), 4(c)** and **(d), 5(a), 6(e), 7(a)** and **(c)** and **8(c)**. Most of these questions carried a higher mark tariff than the easier questions.

Candidates needed to pay attention to the command words or key words of the questions and to the mark allocations for the part questions. This enabled them not to waste time on writing at length when only one or two marks were offered. Some parts of each main question were marked according to Levels of Response, e.g. **1(c), 2(c)(i), 3(e), 4(e), 5(a), 6(e), 7(b)** and **8(c)**. The few candidates who wrote developed answers and gave reasons for their opinions were able to gain Level 2 marks. Candidates who presented very short answers or lists for these questions remained in Level 1. It should be remembered that it is important to develop points – to say why something is necessary, why something is better than the alternative or why something is the better choice. If candidates offer some argument in their answers, consider all the options mentioned and follow the rubric of the question, they will then achieve a higher level and so more marks.

A few candidates attempted more than the four questions required. The scripts were generally well presented but some candidates' work was difficult to read, often because the writing was very small.

The most popular questions were **Questions 1, 4, 5** and **8**. Few candidates chose to answer **Questions 6** and **7**.

Comments on specific questions

Question 1

Some parts were well answered but candidates showed a lack of understanding of added value.

(a) (i), (ii) and (iii) Some candidates scored full marks but others confused primary industry with secondary industry and commerce with trade.

- (b) Several candidates omitted this part. Others mistook it for making profits. Candidates who received marks included those who wrote of aspects of the process of making juice, e.g. preparation, bottling, packaging, labelling.
- (c) Many candidates were able to see that it would be better for a small-scale retailer to use a wholesaler because of the costs involved and the need to buy in small quantities. Some candidates tried to argue that it would be better to buy direct from Marbella Juicers and received some credit.
- (d)(i) This was usually accurately answered.
 - (ii) Only a few candidates were able to identify that the statement of account is a summary of transactions.
 - (iii) Candidates often confused trade credit with buying using a credit card. Wholesalers buy on credit because they deal in bulk, make regular transactions and because they hope to sell the goods before payment is due and use the payment to settle the bill.
- (e) This question was often well answered with candidates mentioning replacement of the faulty case, issuing a credit note to the wholesaler or refunding the \$100.

Question 2

Many responses to this question were superficial and showed the need for a deeper understanding of the topics tested.

- (a) Many candidates concentrated on the need for financial protection and a list of the risks which BZ Chem would insure against. Better answers mentioned the idea of sharing risk and receiving compensation.
- (b) This question invited candidates to write all they knew about banking services but many concentrated on looking after money and finance. Examiners were expecting answers to include comment on receiving payments, depositing money, making payments, paying wages, providing loans and overdrafts and offering advice.
- (c)(i) Many candidates overlooked the context within which this question was set. The question was about a manufacturer of chemicals so these products could be dangerous. It also asked for factors to consider about transport from the factory to a seaport, so any discussion of sea transport and air transport of a bulk cargo could not gain credit. To access higher marks, answers should have included discussion of cost, distances involved, the nature of the cargo – bulk, dangerous, dirty – reliability of transport and flexibility of transport.
 - (ii) Again, candidates should have answered in the context of BZ Chem, so they should have concentrated on loading facilities, transport connections to the seaport, dock labour and parking areas for trucks. As chemicals are a heavy, bulk cargo, they are not likely to be packed in containers.

Question 3

Candidates with a good understanding of the concept of working capital were able to cope with the demands of this question.

- (a) Candidates were able to explain two functions of a wholesaler, such as breaking bulk, storage awaiting sale, offering cash and carry services, and preparing for sale.
- (b)(i) The majority of candidates appeared to be unfamiliar with the term 'fixed capital'. Fixed capital is capital used for the purchase of fixed assets such as buildings, machinery and vehicles. Some candidates misunderstood and described it as capital that did not move.
 - (ii) Some candidates understood the term and gave answers such as loans and mortgages. Others thought that an overdraft was a long-term liability.

- (c) (i) and (ii) Some candidates understood how to calculate working capital (total of current assets minus current liabilities). Others added up all the figures given in the data.
- (d) Some candidates were able to explain the importance of working capital as capital that is needed for the day-to-day expenses of the business. Others thought it was to buy fixed assets.
- (e) Some candidates coped well with the demands of this question. They were able to compare the two sets of figures given and show that Trading Secrets Ltd was in a better financial position because it had more working capital, fewer short-term and long-term liabilities and greater net profit. Candidates who thought that B & B Produce Ltd was in a better financial position gained some credit because they were able to identify the higher sales and greater fixed capital.

Question 4

This was a popular question, which proved to be more demanding than perhaps most candidates thought.

- (a) Many candidates misread the question and wrote of advantages to the customers instead of to Maximus Ltd. Answers that gained credit included increasing sales, encouraging impulse-buying and saving on staff costs.
- (b) Candidates had some difficulty with this question. They wrote from the point of view of Maximus Ltd, so commented on increased sales and greater profits. Although these answers gained some credit, a wider consideration was required with comment on such points as most goods are branded, customers often prefer them, it aids self-service and display and branded goods are packed and weighed before leaving the factory, so this saves on costs.
- (c) Many candidates interpreted this question as 'Why does Maximus Ltd stock a large quantity of goods?' Some credit was given for this approach – so that the firm does not run out stock – but the question asked about the range of goods offered. Answers that gained credit included satisfying a wide range of customers, encouraging one-stop shopping, remaining competitive and maintaining market share.
- (d) This question was well answered, with many candidates scoring full marks for a list of suggestions that ranged from doing nothing to asking for a refund or replacement packet. Better answers suggested that the shop should be asked to check its remaining stock of sandwiches.
- (e) Answers to this question were disappointing. Some candidates thought that this question was connected to part (d) about the mouldy sandwiches. Most were unable to appreciate the scenario and so did not comment convincingly. Level 2 answers would have included comment on changes in prices, shop closures, refurbishing of stores, offering wider choices and different products and the possibility of less choice of stores available.

Question 5

Some parts of this question proved challenging for the candidates and indicated areas where much greater knowledge and/or understanding of the concepts was required.

- (a) Many candidates recommended a partnership for this business because it was small. Some answers revealed a lack of understanding of partnerships and private limited companies, with confusion about distribution of profits, limited and unlimited liability and sharing of work and losses.
- (b) Many candidates misread this question and wrote about the work involved and the need for advertising. Others were able to identify locational factors but then needed to apply these to the context of a business selling on the Internet. Nearness to customers was not a valid answer for this question. Nearness to suppliers gained credit. Other locational factors that gained marks included the cost of the premises, supply of labour, security and type of premises needed.
- (c) This question was well answered, with many candidates showing the advantages of selling on the Internet. The question asked for a discussion, so a list of individual points could gain only half the marks.

- (d) Services such as parcel post, airmail, some form of express delivery and letter post were mentioned. Some candidates tried to describe two postal services but the descriptions were superficial and the names of postal services were given. Others gave mail order as an example but this is not an office service, indicating that candidates need to develop their knowledge of postal services.

Question 6

Candidates answering this question often had a good understanding of insurance topics.

- (a) Most candidates calculated the insurance pool correctly.
- (b) Some candidates understood the concept of pooling of risk and were able to relate it to Fig. 3.
- (c) (i) and (ii) Better candidates mentioned the insurance principles in each case and were able to show the effects of the two claims.
- (d) (i) Candidates found it difficult to score more than one mark for the dangers of fraud and dishonoured cheques. Other answers that would have gained credit included the time taken to clear cheques, the fact that other methods of payment can be computerised more easily and the fact that many people do not use cheques.
- (ii) Credit card, debit card, direct debit and credit transfer were all acceptable answers. Some candidates' answers were disappointing, suggesting they had not read the question carefully. Cash as a means of payment was not acceptable.
- (e) Some candidates produced worthwhile answers to this question, showing that insurance companies use the Internet for advertising and providing information as well as for banking. Others gave superficial answers, showing no real understanding of how a business might make use of the Internet.

Question 7

Candidates choosing this question often found it challenging and needed a more detailed knowledge of trading blocs and quotas in order to access higher marks.

- (a) (i) and (ii) The definition of a trading bloc as a group of countries joining together to promote trade between them without trade barriers was not always known. Examples such as ASEAN, EU and SADC were often omitted. Benefits of a trading bloc are the general encouragement of trade, freer access to large-scale markets and better relations between neighbouring countries.
- (b) Candidates were able to display their knowledge of types of warehouse. They showed good knowledge of cold storage and bonded warehouses and were able to show, with reasons, why they chose one of the two warehouses (usually cold storage) in preference to the other.
- (c) (i) and (ii) A quota – a limit imposed on the quantity of a particular product allowed into a country – was not always understood. Many candidates wrote about quotations. The effects of the imposition of quotas include a reduction in trade with particular countries and the need to find other markets without trade restrictions.
- (d) Knowledge of the functions of customs authorities was reasonable. Comment was often made on the collection of duties, supervision of bonded warehouses and the assessment of duty.

Question 8

This was a popular question and some parts were well answered.

- (a) The most popular reasons given were to attract customers, to boost sales and to clear unwanted stock. Other reasons are to sell new goods, to stop falling sales and to retain customers.
- (b) (i), (ii) and (iii) Unless the correct sales promotion method was given, no marks were awarded. Most candidates gave the correct answers to parts (i) and (ii) but often thought that the supermarket would have an end of season clearance.

General Certificate of Education Ordinary Level
7100 Commerce June 2011
Principal Examiner Report for Teachers

- (c) Most candidates were able to offer some reasoning as to why shops have end of clearance sales but many answers needed greater depth to obtain Level 2 marks. Answers should have included the need to dispose of old stock and make space for new, up-to-date stock, the need to reduce wastage and to gain some profit, however small. Few candidates could offer reasons why some shops, such as those with high turnover and low mark-up, would not hold these sales.
- (d)(i) Unfortunately candidates did not study Fig. 4 when answering this question so few gained the mark for free fitting. An answer often given was free delivery.
- (ii) After-sales service was not understood by all the candidates. Valid answers were to retain customers and to provide extra services such as repairs and maintenance.
- (e) Most candidates achieved the three marks for the calculation. Some calculated the discounts separately for each item of furniture and some went beyond the answer and calculated the price payable by the customer.