COMMERCE

Paper 7100/01
Multiple Choice

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

General comments

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

The mean was 29.236 with a standard deviation of 6.173. The mean had increased compared with last year. No candidate scored below 8 marks and 6 candidates achieved full marks. The standard of work overall showed a marked improvement from last year.

Candidates found the following questions relatively easy and most candidates answered them correctly – **Questions 3, 7, 8, 9, 10, 11, 21, 29, 31,** and **38**. One of these questions required a calculation – **Question 8**.

Several of the items that included pictures or data were accurately answered e.g. **Question 1**, **Question 4** and **Question 25** Candidates coped well with questions including numerical data such as **Question 17**, **Question 33** and **Question 40**. **Question 13** and **Question 36** (referred to below) were more demanding for candidates.

Candidates found Question 36 particularly difficult. This question related the use of an overdraft. Option A was the correct answer but many candidates chose Options B and C.

In **Question 27** Option A proved to be a positive distracter with half the candidates choosing this option instead of Option B the correct answer. Containers cannot carry every kind of cargo. Many cargoes e.g. oil or sand are carried in bulk.

Candidates were uncertain about the correct answers to the following items:

Question 13 where many chose Options A and B instead of D.

Question 14 about trade discount. There was an element of guessing with all options attracting responses and some confusion between trade discount and cash discount.. Option D was the correct answer.

Question 15

Although many candidates calculated the percentage mark-up correctly, there was again an element of guesswork.

Question 28

Many candidates did not understand the functions of an air waybill and all options attracted responses. Option A was the correct answer.

Question 32

Public liability insurance was not always understood. Option B was the correct answer.

Question 39

Option A and Option C attracted responses. Trade credit, Option D, is used for purchasing supplies for a shop.

In **Question 22** the majority of candidates chose Option B, the correct answer but Option C – every household now has access to the Internet attracted many responses. Although the use of the Internet is widespread, it is certainly not true worldwide that every household has access to the Internet.

COMMERCE

| Paper 7100/02 |
| Written |

General comments

The standard of work was very impressive with the candidates from some Centres producing work of a very high standard and some candidates gaining full marks. There were fewer very poor scripts. Many candidates showed good commercial knowledge and an ability to develop an answer that was applied to a particular topic. These candidates developed their answers, were able to follow the framework of the question and to make reasoned judgements. They often achieved full marks in Levels of Response questions carrying a high mark tariff. At the other end of the scale some candidates were still copying out parts of the questions with little attempt at answers.

Most questions were accessible to candidates. The structured questions contained some easy parts e.g. 1 (a), 3 (a), 3 (d), 5 (a), 6 (a) and 8 (a) but there were also subsections in each question that were more testing e.g. 2 (d), 6 (d), 7 (d) and 8 (e).

Most candidates paid attention to the command words or key words of the questions so that in **Question 8 (a) (i)** and **5 (a)** where only one mark was available for each of the answers, short answers were given. There were, however, candidates who still consider that 'more is better' and wrote lengthy answers, containing much irrelevant material, not commensurate with the mark allocation given.

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

Most work was well displayed with adequate spacing between individual questions. Most work was readable. Some candidates still attempt all the questions on the examination paper. A few candidates did not finish the paper. Some weaker candidates had language difficulties and some answers were not easy to understand.

The most popular questions were **Questions 1**, **2**, **4** and **5**. Few candidates chose to answer **Question 6**.

Comments on specific questions

Question 1

(a) Many very good answers were read showing complete understanding of the terms needs and wants. There were some interesting suggestions about the acquisition of wealth resulting in a proportionate increase in wants.

(b) Most candidates gave a clear description of primary production and its link with secondary production but not all candidates included construction as a secondary industry. Some candidates omitted the examples required.

(c)   Some very well developed answers commenting on the need for both producers and consumers in the context of the global economy were seen. These answers showed how and why producers and consumers were dependent on one another. Weaker candidates just stated that producers needed consumers and consumers needed producers.

(d)   This question required candidates to answer how the increased use of computers has changed communication in the global economy not why there have been changes. Most candidates related their answers to the Internet and email and some mentioned the use of fax and teleconferencing. Weaker candidates said that email was quick but failed to say how it could be used.

Question 2

(a)   Candidates were usually able to show why consumers needed protection with comment on misleading advertising and faulty weights and measures.

(b)   Some accurate answers were received often giving UK examples. However, some vague answers were seen commenting on the government offering help or making rules. Perhaps this was understandable as some countries have little or no organised consumer protection. Some credit was given for any plausible answer.

(c) (i)   Most candidates were able to appreciate that supermarkets bought in bulk and gained discounts so could pass on lower prices to customers. Some candidates also mentioned the use of loss leaders to gain customers.

(ii)   Many candidates were able to offer a reasoned response to the use of small corner shops often commenting on extra services offered and its nearness to home.

(d)   Most candidates were able to give two plausible risks usually fire and theft but often did not mention reasons for insurance such as protection against financial risks and compensation.

Question 3

(a)   Most candidates gained full marks giving accurate reasons for choosing Channels 1 and 3.

(b)   The work of the agent was known by some candidates but many wrote that the agent bought products and then sold them for profit rather than acting as a middleman bringing buyers and sellers together.

(c)   Many candidates did not understand the concept of the regional distribution Centre. Multiples, supermarkets, hypermarkets and chains of department stores have regional distribution Centres. They need them to enable goods to be bought in bulk, then stored and distributed to their branches when needed, often at short notice. They perform the services of a wholesaler and so save the retailer's costs.

(d)   Some candidates included only the details of the document, omitting its purpose and sometimes its name. Most candidates, however, scored full marks mentioning a variety of commercial documents.

(e)   Candidates answered this question in one of two ways. Some candidates wrote generally about when wholesalers were not required – when large-scale retailers buy in bulk direct from manufacturers, when goods are fragile, technical, very expensive or perishable and when producers set up their own retail outlets. Other candidates used the data in the question to structure their answers. This worked for some marks e.g. for Channels 2 and 3 but it should be remembered that agents are middlemen, are intermediaries and so are international wholesalers.

Question 4

Some candidates chose to answer this question without fully understanding the term franchise. Others misunderstood Mr Patel's option of becoming a franchise and thought that he was the franchise company.

(a)   Candidates may have thought this was an easy question. Most did score full marks but the question called for three ways in which a sole trader is different from any other form of business organisation. Unlimited liability and lack of legal entity were, therefore not valid answers as they also apply to a general partnership.

(b)   There were some good explanations of a franchise agreement but some candidates had no understanding of the term.

(c)   Some candidates thought that Mr Patel was making a choice between a franchise and a retail outlet but many candidates gave a reasoned answer to this question and gained all the marks.

(d)   This question called for a full discussion of the advantages and the disadvantages of both a sole trader and a franchise and then a reasoned recommendation. Many candidates completed the discussion and gave a recommendation but failed to substantiate the recommendation adequately so remaining at Level 2 marks. It is important that candidates follow the rubric of the question even if it means repeating themselves with the reasons given for the recommendation. It is not sufficient to say 'I recommend … for the reason given above'.

(e)   This question asked the candidates to identify the best method of advertising. To gain full marks the candidate had to indicate the best method either by very good reasoning to support one choice or by mentioning others which might be less successful. Television was not a correct choice.

Question 5

(a)   Most candidates scored full marks as there were plenty of answers available.

(b)   Usually well answered although some candidates seemed to think that the Internet was cheaper than the phone (what about the cost of the equipment and the connection). Some candidates thought you could use a credit card and debit card online but not on the telephone.

(c)   Usually correct. Some candidates only calculated as far as $27 and scored one mark.

(d) (i)   Candidates found this question challenging. There was often good reasoning if the credit card was chosen but some candidates had little understanding of the advantages of using a debit card.

(ii)   Sometimes omitted. Too many candidates concentrated on lack of security and the danger of theft rather than the impossibility of using cash when ordering online.

(e)   Many candidates failed to gain full marks for this question which called for the advantages to Maman Shoes of being a mail order company. Some candidates wrote from the perspective of the customer. Others assumed that being a mail order company would automatically guarantee higher sales revenue. There were, however, some well focused answers with useful comment on reduced costs of high street locations and more money available for advertising and hiring telephone sales staff.

Question 6

This question was not very popular but those who chose it generally answered all parts of the question showing sound knowledge.

(a)   Candidates usually gave a full explanation of international trade but some omitted import and export.

(b)   Some well reasoned answers were seen showing the growing interdependence of countries. Some answers concentrated on imports but did not always explain why some countries need to export to other countries.

(c) (i) Free trade – trade without restrictions – was usually understood.

(ii Many correct answers were given showing protectionist measures that countries can take such as increased tariffs, quotas, embargoes, subsidies and exchange control.

(d) Only the best candidates were able to score full marks for this question. Responses were disappointing usually including examples of how banks help customers generally instead of with this particular transaction. Advice and loans were accepted. Candidates were, however, expected to comment on electronic transfer of funds, documentary credits and bank drafts. Bills of exchange were also accepted.

Question 7

(a) Surprisingly many candidates did not score full marks for this part of the question that has been asked many times before.

(b) Most candidates gave well reasoned choices to both parts of the question and scored full marks.

(c) Not all candidates realised the significance of each of the three items. Comment on interest rates was usually relevant but some candidates misinterpreted the word security for hiring guards and being safe. Others did not give examples of collateral such as deeds of property to provide answers that showed clear understanding. Most candidates were able to comment on length of time but answers were not always convincing.

(d) Retained profit was usually understood. Some candidates argued for the use of retained profit saying that it would save the company from borrowing too much. Other candidates thought that retained profit might be insufficient and, anyway, should be kept for any emergency that might arise. Both arguments were valid and were accepted.

Question 8

(a) (i) The bonded warehouse was usually given but some candidates gave Bewise or a cash and carry.

(ii) Candidates usually showed good use of the data and were able to extract two correct answers.

(b) Most candidates gave more than three general purposes of warehouses but some related this question to Part (a) and so the answers were not general but specific to the warehouse mentioned.

(c) Some candidates confused seasonal demand i.e. demand at certain times of the year for seasonal supply. Some general points were credited. To gain full marks examples needed to be given such as Christmas cards, summer clothing, winter blankets and foods for festivals. Candidates often revealed their error by mentioned cold storage of fruits and vegetables to meet customer demand.

(d) This part question was well answered with many candidates showing good understanding of bonded warehouses.

(e) Although the wording of this question was straightforward, the work of an airport authority is not generally understood by many candidates who confused it with a customs authority and so gained no marks. Answers that were accepted included providing warehousing, providing security measures, unloading facilities, refuelling and repair facilities, runways, providing navigational aids e.g. the airport control tower, transport facilities out of the airport, office space, car parking and safety measures such as perimeter fencing, landing lights, fire fighting services.

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