

# COMMERCE

Paper 7100/11  
Multiple Choice

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

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

The mean was 26.407 with a standard deviation of 4.883. There were 791 candidates. The highest score was 39 marks and no candidate scored below 11 marks.

Candidates found the following questions relatively easy and a high facility was achieved – **Questions 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 19, 20, 35, 37 and 38**. Some of these items included pictorial and /or numerical data such as **Questions 2, 20 and 40**.

Although candidates usually find the concept of added value difficult, **Question 2** presented few problems.

Candidates found some questions difficult particularly in the later part of the paper. In **Question 14**, Option D attracted nearly as many responses as the correct answer, Option C. It was evident that terms stated on an invoice are not always understood. In **Question 15** many candidates calculated the correct answer, Option B, but there were significant numbers of responses to Options A and C. In **Question 18** many candidates thought that import duties were a type of restriction instead of a quota.

There was an element of guessing in **Question 23**. Although the majority of candidates identified Option D as the correct answer, the other three options attracted many responses. **Question 25** posed some problems. Many candidates thought that advantages of containerisation were that any type of product could be carried and that quick unpacking of goods could be carried out at docks. These statements were untrue. The correct answer was Option C, a very important advantage of using containers. The majority of candidates answered **Question 26** correctly, choosing Option B but both Options A and C were thought to be correct reasons by some candidates.

Many candidates thought that a national supermarket would store goods in a bonded warehouse. Option D, regional distribution warehouses was the correct answer. In **Question 32**, Option C proved to be a positive distractor and Option A attracted a number of responses. In order to use telephone banking, a touch-tone phone is necessary so the correct answer was Option D. In **Question 33** many candidates seemed to be guessing as both Option A and Option C attracted responses. The majority of candidates gave the correct answer, Option B.

**Question 39** posed problems for some candidates. All options were chosen indicating that many candidates did not understand the concept of rate of turnover. The rate of turnover is the number of times a business sells its average stock in a given period, for example a year. A business that has a slow rate of turnover is likely to be selling expensive products so, from the list given, jewellery will have the slowest rate of turnover i.e. 2 and so Option C was the correct answer.

# COMMERCE

Paper 7100/12  
Multiple Choice

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

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

The mean was 23.148 with a standard deviation of 6.454. There were 3891 candidates. Five candidates scored full marks and no candidate scored below 5 marks.

Candidates found the following questions relatively easy and a high facility was achieved – **Questions 3, 7, 8, 19, 38** and **40**. Some of these items included pictorial and /or numerical data such as **Questions 3** and **40**. Although candidates usually find the concept of added value difficult, **Question 2** involving a calculation based on added value presented few problems.

Candidates found some questions particularly difficult. In **Question 9** there was an element of guessing with all options being chosen. A was the correct answer. In **Question 11** Option B proved to be a positive distractor. Few candidates chose Option D, the correct answer. Candidates unfortunately misread this question. Independent retail shops rely on wholesalers and so are likely to contribute to the survival, not the decline of wholesalers. In **Question 12**, although most candidates chose the correct option, B, Options A

and D also were popular choices. An element of guesswork was evident in **Question 13** concerning an order. All options attracted responses. Option B was the correct answer. In **Question 14**, Option A attracted nearly as many responses as the correct answer, Option C. It was evident that terms stated on an invoice are not always understood. In **Question 15** many candidates chose Option B which related to trade discount and Option C instead of Option A the correct answer.

# COMMERCE

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Paper 7100/21

Written

## SECTION 1

### Key messages

Candidates should always develop their answers to questions with a high mark tariff. They need to answer in context and use examples where applicable.

Candidates need to use time effectively. Time spend on answering questions should be directly related to the number of marks allocated.

Candidates should study the command words and key words in each question as well as the mark allocation for each question.

Candidates should show working in any calculation questions.

Candidates should learn succinct and accurate definitions of commercial terms.

### General comments

In Paper 2 candidates were required to answer four questions from a choice of eight. Most of the questions covered more than one topic from the syllabus. All questions except **Question 7** attracted many responses.

The standard of work overall was good. The better candidates showed sound commercial knowledge and an ability to develop an answer in context. These candidates presented some detailed answers and were able to make reasoned judgements in the context of the questions set. They achieved full marks in response to a variety of questions including some of the Levels of Response questions. Poorer candidates omitted parts of the questions they had chosen or wrote very short answers.

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

Some candidates did not answer questions at the appropriate level of skill. In this connection, the command words beginning each question were particularly important.

Assessment Objective 1 tested candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. Questions beginning 'Name, Give, State' confirmed that the question was at this level. An example of this type of question is **Question 3 (a) (ii)**.

Assessment Objective 2 tested candidates on their ability to apply their knowledge in the context of the question such as **Questions 2 (d)** and **4 (a) (ii)**. Command words such as 'Explain, Explain why, How, Give an example' were used for questions testing this objective.

Assessment Objective 3 required candidates to select, interpret or analyse a problem or situation presented in the question. Candidates were expected to offer reasoned answers. Often the analysis was combined with evaluation as the evaluation was based on reasoning to form a conclusion. Questions such as 5 **(a)** and 1 **(d)** were examples of this. Command words such as 'Compare, Analyse, Calculate, Identify' suggested that a question was testing this objective.

Assessment Objective 4 tested candidates' ability to make judgements or recommendations. **Question 5 (c)** asked candidates to make a judgment about changes in the Balance of Trade. Command words such as 'Discuss, Evaluate, Do you consider, Recommend, Using evidence, give reasons' were used to test this objective.

In questions allocated only one mark such as **Questions 1 (a), 3 (a) (ii), 5 (a) (i), 7 a (i) and 8 (c)** most candidates wrote, as required, very brief answers. Candidates lost marks in questions such as **5 (d)** and **6 (a)** where they were asked to explain and gave only a stated point so failing to gain the second mark.

One part of each of the questions set was marked according to Levels of Response e.g. **1 (d), 2 (c), 3 (c), 4 (b), 5 (c), 6 (d) (ii), 7 (a) (ii) and 8 (e)**. Candidates who wrote well-structured and developed answers with reasons for their opinions were able to gain the higher level marks. Candidates who wrote short statements, lists of points or some brief comments remained in Level 1. For this type of question it was important, first of all, to study what was required in the question – evidence, an opinion, a recommendation or a choice with reasons and then to follow these requirements. It was also important to look at both sides of the argument or offer a discuss of options and then to offer a conclusion. Points should have been developed – saying why something is important or why something was the better choice. Candidates would then achieve the higher level and so gain good marks. These questions did, however, differentiate between the good and the poorer candidates.

Some candidates started questions and then crossed them out and attempted alternatives. Some candidates wrote in brief notes. A few candidates answered all the questions on the paper instead of making a choice. Few candidates failed to answer the four questions required. Most answers were clearly presented. The standard of English was generally good with clear paragraphing. Some writing was difficult to read particularly when a pale blue pen was used. It is important that candidates write clearly so that the Examiner can identify easily the points that are being made.

## **SECTION 2**

### **Comments on specific questions**

#### **Question 1**

- (a) (i)** Answers were usually correct although a few candidates gave primary industry.
- (ii)** Candidates were able to identify two ways of adding value from Fig. 1.
- (b)** Candidates stated two advantages of division of labour including specialisation, increased output, greater use of machinery and more skill.
- (c)** Candidates showed good knowledge of banking services and presented a wide range including methods of finance, bank accounts offered and methods of payment.
- (d)** This question called for discussion of a range of selling techniques applicable to selling windows. Some candidates ignored the context of the question and gave a list of methods of obtaining credit. Hire purchase would not be appropriate as once the windows were installed, they could not be repossessed. It was hoped that candidates would talk about setting a display area, offering coloured leaflets to potential customers, creating a website, offering promotions and providing after-sales service such as fitting. Few candidates gave such a range of selling techniques. Perhaps they failed to appreciate the context of the question.
- (e)** This question also caused problems for candidates. It was expected that candidates would discuss the use of road transport, using own vehicles to deliver the windows to local customers. Some candidates thought that the windows would be sold to wholesalers and retailers. As windows are generally made to measure this was an unlikely scenario.

#### **Question 2**

- (a) (i)** Some candidates showed a good understanding of multiple chain stores and scored full marks. Some candidates confused them with department stores.

- (ii) Most candidates were able to explain the term unit retailers and gave four worthwhile points to describe them as small-scale retailers.
- (b) The most popular reasons given for there being some many unit retailers were ease of setting up, low cost of setting up and flexible opening hours.
- (c) Some very detailed discussions were seen in answer to this question. Candidates recognised that risk could be spread among the branches, goods could be moved between branches, bulk buying was possible and economies of scale could be achieved. The better candidates were able to argue, however, that unit retailers often have low overheads, can be located anywhere and serve local areas. They concluded that both kinds of shop could be successful.
- (d) Answers to this question covered promotions, better advertising, improving service and lowering prices. Some candidates suggested studying Superfashion's practices and improving on them. Few candidates mentioned developing online services.

### Question 3

- (a) (i) Most candidates scored one mark for their answers to this question. They often failed to comment on the location of the head office.
  - (ii) A correct answer was usually given but some candidates mentioned non-car-making multinationals.
- (b) This quite challenging question differentiated between the candidates. The better candidates appreciated that cars are demanded all over the world and only multinational companies can fulfil this worldwide need. Some candidates mentioned the benefits for a country in providing employment and improving the infrastructure of the country.
- (c) Most answers did not show clearly enough how commerce links the car industry to the consumer. They concentrated on the need for most consumers of transport in their daily lives. Good answers considered trade – selling to distributors, garages and then to consumers as well as exporting and importing cars. They also considered aids to trade such as banking, advertising and communication and how they link the car industry and the consumer.
- (d) (i) Most candidates were able to show why television is used to advertise cars. They commented on it as a mass media, the use of colour and action and the opportunity for repeat advertisements. The ability of car companies to afford the high costs of television advertising was not always appreciated.
  - (ii) Advertising devices as a topic was not generally understood by many candidates. The question gave a hint about devices by saying that they were used within the advertisement but few candidates scored the marks for this question. Devices are used within an advertisement to draw the attention of consumers to the advert. They are methods of appeal. Devices suitable for a car advertisement might be famous people driving the car, luxury, romance, cartoons or colour.

### Question 4

- (a) (i) The term 'mail order' was not always clearly defined. Shopping using the mail is not clear enough. Online shopping was accepted. The use of catalogues and delivery to home should have been mentioned.
  - (ii) Some candidates misunderstood this question and wrote about the importance of a shop location. Answers that gained credit included customers being all over the world, no need to display the goods and no need for the customers to visit the premises.
  - (iii) Answers to this question were more in context. Candidates appreciated the need for storage awaiting sale, the need to protect the software and also to prepare it for despatch.
- (b) Candidates were able to discuss this statement about communication and to give sound reasoning as to why it is important. They mentioned methods of communication, the need for good communication if sales are to increase and the importance of communication in a competitive market.

- (c) Many candidates were able to identify the appropriate method of credit to be used in each of the circumstances given. Credit card and extended credit were accepted for (i). Informal credit was the correct answer for (ii), not credit card as it was a small shop at the end of the street. Hire purchase was the correct answer for (iii). Good reasoning was generally shown in response to each of these part questions.

#### Question 5

- (a) (i) Most candidates identified either 2007 or 2010.
- (ii) Most candidates calculated the Balance of Trade correctly but some candidates reversed the import and export figures.
- (b) Candidates defined visible exports correctly and often gave an example.
- (c) Many candidates followed the rubric of the question and used evidence given in Fig. 2 to show whether or the government should be concerned. Some candidates omitted any comment on the government and its possible concerns. Other candidates attempted to identify causes for the changes in the figures and so produced some very worthwhile answers beyond the scope of the question.
- (d) Some answers to this question were disappointing. The question asked for ways to increase exports. It did not ask for comment on ways of decreasing imports. Answers that gained credit included government encouragement by providing subsidies, the country joining a trading bloc making it easier to trade and the country finding new products or sources of raw materials in demand from other countries.
- (e) (i) The differences between the Balance of Payments and the Balance of Trade were clearly shown by some candidates but others unfortunately reversed the definitions.
- (ii) Candidates were expected to comment on the work of customs authorities in relation to the Balance of Payments. Answers mentioning enforcement of quotas and collection of statistics and duties as well as the supervision of bonded warehouses gained credit. It should be remembered that customs authorities do not decide on the measures to be taken to reduce imports. That is the function of government.

#### Question 6

- (a) Candidates were expected to explain an advantage and a disadvantage of running the business as a sole trader. Many candidates lost the second mark by failing to offer an explanation. Candidates mentioned keeping all the profits but needed to say why Susan would keep the profits. Candidates mentioned unlimited liability but often failed to describe what it meant for Susan.
- (b) A wide range of promotional methods was accepted such as advertising, offers, discounts and free fitting of curtains.
- (c) Some discussion was required in answer to this question. Many candidates thought that Susan should sell online as her market would be wider but others appreciated that the business was just starting up and setting up a website and maintaining it might be beyond Susan's capabilities at the beginning of her business career.
- (d) Unfortunately some candidates did not read this question carefully enough. The word 'finance' was emphasised in the question but many candidates wrote generally about banking services. Answers that gained credit included providing bank loans, providing an overdraft facility on her current account and giving financial advice.
- (e) Some answers to this question proved that some candidates did not understand the differences between the various types of business organisation clearly enough. Candidates often referred to partners when they meant shareholders and seemed to think that the company, not the shareholders would have limited liability. Some candidates thought that Susan was forming a multinational company and would be working on her own with complete control. Some candidates showed in some detail how forming a private limited company would benefit Susan but failed to mention any drawbacks. Others gave a very balanced discussion.



### Question 7

Candidates who chose this question often had sound knowledge of aspects of insurance.

- (a) (i) Many candidates were able to give two insurance risks but often they were general rather than applicable to an international trader.
- (ii) Candidates offered a good discussion as to why insurance is necessary for businesses. They gave many of the risks involved and the need for compensation. They mentioned the importance of confidence when conducting business and sometimes the need for cover for some insurance risks because it is compulsory by law.
- (b) Some candidates showed very good understanding of the insurance principles involved in relation to each of the four statements given and gave worthwhile explanations. Some candidates omitted consideration of insurable interest in **part (iv)**.

### Question 8

- (a) Usually candidates gave two other services such as breaking bulk, delivery and storage but some candidates failed to read the question carefully enough and mentioned credit and discount.
- (b) A clear distinction was usually drawn between trade credit and trade discount. A few candidates confused trade discount with cash discount.
- (c) Three easy marks for most candidates but some candidates gave the delivery note as the answer to **part (i)**.
- (d) (i) Some candidates approached this question by showing a calculation. Most candidates appreciated that the retail customer was not entitled to cash discount because she had not paid in time.
- (ii) Candidates usually gave three correct actions in response to this question. No marks were awarded for comment on suing the wholesaler, going to the police or reporting the wholesaler to a consumer organisation.
- (e) This question differentiated well. Most candidates assumed that the wholesaler was establishing a cash and carry warehouse and showed understanding of the principles of a cash and carry and the need for changes to the business. Only the more perceptive candidates realised that the wholesaler's existing retail customers might not appreciate the wholesaler selling directly to consumers, people they regarded as their own customers. They might find the business geared more to selling in small quantities, might find the service not as good and might take their business elsewhere. These candidates did, however, appreciate that if the number of card holding customers was limited, the bulk of the business was still likely to be with retailers and so their position was not under threat.

# COMMERCE

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Paper 7100/22

Written

## SECTION 1

### Key messages

Candidates need to develop their answers to questions with a high mark tariff. They need to answer in context and use examples where applicable.

Candidates need to use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.

Candidates should study the command words and key words in each question as well as the mark allocation for each question.

Candidates should show working in any calculation questions.

Candidates should learn succinct and accurate definitions of commercial terms.

Some candidates need to clearly identify which questions and part questions they are answering.

### General comments

In Paper 2 candidates were required to answer four questions from a choice of eight. Most of the questions covered more than one topic from the syllabus. The most popular questions were **Questions 1, 3, 5 and 7**. The least popular question was **Question 4**.

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

Most parts of all the questions were accessible to candidates but there was some difficulty with **Question 5 (a)** partly because of the wording of the question. (This is commented upon under 'Comments on specific questions'). The eight questions set contained some easy parts e.g. 1 **(b)** and **(c)**, 2 **(a)**, 3 **(a)**, 4 **(a) (i)**, **(ii)** and **(iii)**, 5 **(d)**, 6 **(b) (i)** and **(c)**, 7 **(c)** and **(d)**, 8 **(b)**. There were also subsections in each question that were much more testing e.g. 1 **(f)**, 2 **(d)**, 3 **(b)**, 4 **(c)**, 5 **(a)**, 6 **(e)**, 7 **(e) (iii)** and 8 **(c)** and **(d)**. Many of these carried a higher mark tariff than the easier questions.

Some candidates did not answer at the appropriate level of skill. The command words beginning each question were particularly important.

Assessment Objective 1 tested candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. Questions beginning 'Name, Give, State' confirmed that the question was at this level. An example of this type of question is **Question 3 (d) (i)**.

Assessment Objective 2 tested candidates on their ability to apply their knowledge in the context of the question. The context of **Question 6** was a meat processing company with factory and farms but some candidates wrote very generally in response to all parts of this question. Command words such as 'Explain, Explain why, How, Give an example' were command words used for questions testing this objective.

Assessment Objective 3 required candidates to select, interpret or analyse a problem or situation presented in the question. Candidates were expected to offer reasoned answers. Often the analysis was combined with evaluation, as the evaluation is based on reasoning to form a conclusion. Questions such as 1 (f) and 8 (c) were examples of this. Command words such as 'Compare, Analyse, Calculate, Identify' suggested that a question was testing this objective.

Assessment Objective 4 tested candidates' ability to make judgements or recommendations. **Question 5 (a)** asked candidates to make a judgement about Shipra setting up a franchise business. Command words such as 'Discuss, Evaluate, Do you consider, Recommend' were command words used to test this objective.

In questions allocated only one mark such as **Questions 1 (b) and (c), 3 (a), 4 (a) and 7 (a) (i)**, most candidates wrote, as required, very brief answers. Candidates lost marks in questions such as 2 (a) and 6 (a) where they failed to offer an explanation of a stated point in order to gain the second mark.

One part of each of the questions set was marked according to Levels of Response e.g. 1 (f), 2 (d), 3 (b), 4 (c), 5 (a), 6 (d), 7 (e) and 8 (c). Candidates who wrote well-structured and developed answers with reasons for their opinions were able to gain the higher level marks. Candidates who wrote short statements, lists of points or some brief comments remained in Level 1. For this type of question it is important, first of all to study what was required in the question – an opinion, a recommendation or a choice with reasons and then follow these requirements. It was also important to look at both sides of the argument and then to offer a conclusion. Points should be developed – saying why something is important or why something is the better choice. Candidates would then achieve the higher level and so gain good marks. These questions did, however, differentiate between the good and the poorer candidates.

Some candidates started questions and then crossed them out and attempted alternatives. Some candidates wrote in abbreviated form or in brief notes. Some candidates presented two good responses but their answers for the other two questions chosen were poor. Some candidates answered all the questions on the paper instead of making a choice. Few candidates failed to answer the four questions required. Most answers were clearly presented. Some candidates' poor command of English hindered their ability to present accurate answers. Some writing was difficult to read. It was important that candidates wrote clearly so that the Examiner could easily identify the points that were being made.

## **SECTION 2**

### **Comments on specific questions**

#### **Question 1**

- (a) Candidates who wrote generally usually achieved full marks for comments on skill, expertise, output, efficiency, use of machinery and technology and better quality work. Candidates who wrote about each person in turn found it much more difficult to comment on benefits of specialisation in relation to the individuals listed. Some candidates lost marks by repeating information given in the table.
- (b) Most candidates answered this question correctly but there was some confusion between primary and secondary industry.
- (c) Most candidates answered this question correctly.
- (d) The term 'direct services' was usually known and an accurate example given. Candidates had more difficulty explaining 'commercial services' as those that assist trade to function i.e. the aids to trade.
- (e) Candidates who gave the definition of trade were rewarded. Most candidates were able to answer the question in the context of coal and show how Ray would sell the coal and what he would buy. There was, however, confusion about the word 'mine' for some candidates. Some candidates mentioned, correctly, the exporting of coal.

- (f) Answers to this question were rather disappointing. Some candidates wrote about Imran being engaged in trade. Other candidates wrote about Imran making use of aids to trade. Commerce consists of trade and aids to trade so both should have been commented upon. Some candidates argued that Imran was not involved in trade or only partly as he was a manufacturer of rugs and this was given credit as a worthwhile answer.

### Question 2

- (a) Many answers to this question were poor. Candidates stated two functions rather than explained them. A wide range of functions was accepted relating both to the supplier and to the consumer such as display, selling, breaking bulk, offering credit and providing a variety of goods. To achieve the second mark for a function, an example was required or some explanation of the function such as breaking bulk for consumers so that they are provided with goods in the quantities they need.
- (b)(i) Better candidates realised that a jewellery area is likely to attract many potential customers including tourists and that a city area is likely to have a heavy footfall. Other candidates just mentioned more customers.
- (ii) Benefits of overall advertising of the shopping centre and increased security were often mentioned. The fact that the shopping centre was new and so likely to attract consumers was appreciated by many candidates.
- (c)(i) The rate of turnover was often confused with turnover. Rate of turnover is the number of times each year that the average stock held is sold.
- (ii) Although the rate of turnover was often unknown, ways of improving it were well described. Answers such as lowering prices, offering promotions, providing after-sales service and purchasing different kinds of jewellery gained marks.
- (d) Many assumptions were made in some of the answers to this question. Many candidates thought that ownership meant buying the shop so that it was entirely paid for. Many shop-owners buy their premises using a mortgage or a loan and pay back at monthly intervals. Some candidates confused leasing the shop with buying it using hire purchase or taking a franchise. Many candidates thought that after paying rent for a number of years, the shop would be owned by the shop-keeper. Only the best candidates were able to appreciate the advantages of leasing a shop – not being tied to a particular site, not renewing the lease and moving elsewhere and being able to spread the risks of operating a jewellery shop.

### Question 3

- (a) Most candidates scored full marks with the brief answers required being given. The need to find a market, language difficulties, customs duties and currency problems were common valid answers.
- (b) Many appreciated the advantages of containers for moving goods and answered in the context of the toys. They discussed the storage offered, protection for the toys, easier customs clearance, the benefits of trans-shipment and the ability to send mixed cargo in one container. The disadvantages of using containers were not so well considered. Many containers are lost overboard from ships, it is often difficult to obtain return loads and the smuggling of illegal goods is possibly made easier with the increased use of containers.
- (c) Some candidates had no knowledge of the work of freight forwarders or suggested, wrongly, that they find markets for goods. Others were able to comment on their work organising transport, documentation, storage, insurance and customs clearance.
- (d)(i) A wide range of insurance risks was accepted but many answers were not specific to international trading. Fire and theft were accepted but few candidates mentioned marine insurance for cargoes or aviation insurance.
- (ii) Some candidates were able to explain why business failure is not insurable – there are no past records on which to assess the risk and set the premium but others mentioned only that it was likely to be the fault of the company and so non-insurable.

#### Question 4

Although this question was thought to be quite straightforward, few candidates chose to answer it. Those who did answer it, often scored good marks.

- (a) (i) Statement of account was usually given but some candidates confused the document with a bank statement.
  - (ii) The purposes of the statement of account were clearly stated.
  - (iii) Many candidates calculated the correct balance at the end of October - \$775.
  - (iv) No credit was given for mentioning the credit note as this was given in the data. Answers that indicated when a credit note was used or said that the balance owed was reduced by \$10 gained marks.
  - (v) Many candidates chose the cheque and explained how it was used. Credit card, debit card and standing order were not accepted as they were not applicable in the context of the question.
- (b) (i) Mark up was usually understood as the amount or percentage added to the cost price of goods.
- (ii) The calculation was often accurate with the working clearly shown.
- (c) Knowledge of cash and carry warehouses as places that offer no credit, no delivery service and where customers serve themselves was clearly shown. Candidates were able to discuss the benefits of this for many retailers, particularly small-scale retailers but only a few candidates appreciated the disadvantages of this for retailers who rely on trade credit or who were located at some distance from the cash and carry warehouse. It is possible that the wholesaler could operate both as a cash and carry warehouse and also as a traditional wholesaler to satisfy both kinds of customers but this was not mentioned.

#### Question 5

- (a) Many candidates suggested that Shipra should set up her business as a franchise, mentioned some disadvantages and gave valid reasons for their recommendation. Some candidates, however, interpreted the question as a debate about Shipra setting up a franchise company. Those who argued against this proposition and compared Shipra's potential business with large franchise companies like KFC were able to produce valid answers. There were, however, some candidates who attempted an answer relating to Shipra as a franchisor, rather improbably, but this approach was given some credit. It was felt that use of the word 'franchise' in the question had misled some candidates.
- (b) Candidates were able to describe a range of banking services and often gained full marks for this question. It should be noted, however, that candidates were asked to explain three not give a list of six banking services.
- (c) Many candidates answered this question in context. Only two marks were available for this question but some candidates gave in-depth answers instead of stating two reasons such as having hairdressing supplies close to hand and being more organised in her shop. The word 'premises' was confused with 'products' by some candidates.
- (d) Candidates often appreciated that Shipra should use advertising media that was cheap and effective in the local area to the business. These candidates chose posters, local newspapers and local radio rather than television and trade fairs. Some candidates mentioned that if Shipra became a franchisee of a company, there would be no need for her to advertise widely as the franchise company would undertake most of the advertising.

### Question 6

- (a) Answers were often imprecise or lacking in depth. Many candidates failed to state that limited liability applies to the shareholders of the company rather than to the company itself. Answers usually commented on the access to large amounts of capital through the purchase of shares on stock exchanges and continuity of existence although ownership of shares may change. Some candidates thought, wrongly, that a public limited company was run by the government.
- (b)(i) Most candidates appreciated the benefits of using the telephone rather than email when a speedy decision is required, when a discussion is needed or when email is not available.
- (ii) The use of videoconferencing was not always so clearly expressed. To gain marks, candidates needed to show that a meeting was taking place between people in different locations so saving travel costs and time.
- (c) Some candidates were able to explain the differences between collective advertising and persuasive advertising but some answers described competitive advertising rather than persuasive advertising.
- (d) It was expected that candidates should answer this question on consumer protection in the context of livestock farming and meat processing. Candidates who commented on the importance of the consumer as the person who buys meat and who needs protection against food poisoning, incorrect weights and poor quality gained good marks.
- (e)(i) This question did not call for the definition of working capital but for two purposes. Answers that gained credit included maintaining cash flow, paying for day to day expenses and meeting unexpected payments.
- (ii) Candidates could have approached this question in two ways. They could have considered increasing current assets by improving sales and so income or by having less wastage or taking loans to provide cash. They could have considered decreasing current liabilities by reducing any overdraft or paying off creditors.

### Question 7

- (a)(i) and (ii) A variety of answers was accepted for these questions. Some candidates unfortunately reversed their answers and so gained no marks.
- (b) Many candidates commented on increased efficiency at the check-out, greater accuracy and rapid updating of stock levels so that re-ordering could take place. Candidates developed their answers and often gained full marks.
- (c)(i) Most candidates identified two kinds of packaging in Fig. 3.
- (ii) Candidates were also able to explain why goods sold in supermarkets are packaged. Answers included providing information on the packaging, attracting consumers, protecting goods from damage or handling and extending the shelf life of products.
- (d) Some comprehensive answers were seen to this question. Most answers included points such as large variety of goods, car parking, air conditioning, special offers and high turnover so fresher goods.
- (e) Candidates were asked whether credit cards are beneficial or not. Many candidates concentrated on the advantages of credit cards such as the postponement of payment and not having to carry large amounts of cash to shops. They failed, however, to discuss some of the disadvantages such as increased impulse buying and interest charged when the total debt is not paid off at the end of the month.

**Question 8**

- (a) Most candidates calculated the total value of manufactured goods correctly and showed their working.
- (b) This very general question on communication attracted a wide variety of responses showing how important communication is between buyer and seller when placing orders, arranging delivery and paying for the goods as well as sorting out problems.
- (c) Many candidates produced a good discussion of both using agents and a company organising its own export trade and gave a reasoned recommendation. They answered in the context of a company thinking of exporting and commented that it might be better to use agents to begin with but, as trade expands, to consider organising its own exporting. Other candidates commented on either agents or a company organising its own export trade in very simplistic terms.
- (d)(i) Answers were disappointing showing a lack of knowledge of methods of payment in international trade. Answers that gained credit included using letters of credit, asking for a bank draft, not releasing goods until the payment has been deposited and using electronic transfer to move money between countries.
- (ii) Again many candidates gained no marks. They tended to give two documents used in home trade such as invoices and delivery notes rather than documents such as the bill of lading, air waybill, indent, certificate of origin, insurance certificate and consular invoice.
- (d) Candidates who understood that only ship and air transport could be used to move the goods shown between China and Australia, and related their answers to the products given in Fig. 4, had no difficulty with this question. Credit was also given for comment on the use of road transport to deliver goods to their final destination.