

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

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1, 14, 19, 23, 24 and 37** and some requiring candidates to undertake calculations such as **Questions 8, 15, 32, 35 and 40**.

The mean was 24.660 with a standard deviation of 5.910. There were 698 candidates for this examination. The highest score was 38 marks and no candidate scored below 8 marks. A very good standard of work was exhibited.

Candidates found the following questions relatively easy and a high facility was achieved - **Questions 1, 5, 7, 10, 11, 18, 20, 21, 27, 28, 30, 36 and 38**.

Candidates found some of the questions particularly difficult and these achieved a fairly low facility. In **Question 6** Options C and D attracted more responses than Option A, the correct answer, indicating that many candidates did not know the features of a multiple store. In **Question 9** many candidates chose Option C rather than Option A, the correct answer. In **Question 22** all options attracted many responses indicating an element of guessing. Option B was the correct answer. In **Question 23** a large number of candidates chose Option C rather than Option B the correct answer.

**Question 29** on bonded warehouses posed problems for many candidates with all options attracting responses indicating an element of guessing. The question asked about the function of a bonded warehouse in relation to an exporter rather than the usual importer of goods and this may have confused candidates.

The correct answer to **Question 32** was Option B. The car was underinsured and the repair was to cost 50% of its value so Tariq could only claim 50% of the amount he had insured the car for and that was 50% of \$24 000 i.e. \$12 000 not Option C \$15 000. **Question 34** was quite difficult for candidates. All options attracted responses with more candidates choosing the other three options than the correct one, Option B, credit transfer, which can be undertaken at any bank by anyone. Many candidates thought that Option B, Mauritius Sugar Traders was the correct answer. This company was the exporter. The importer of the sugar was Option A, London Sugar Company.

# COMMERCE

Paper 7100/12  
Multiple Choice

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

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1, 8, 10, 12, 18, 26 and 37** and some requiring candidates to undertake calculations such as **Questions 7, 13, 32 and 40**.

The mean was 23.422 with a standard deviation of 6.750. There were 3782 candidates for this examination. Seven candidates achieved 40 marks and no candidate scored below 4 marks. A very good standard of work was exhibited.

Candidates found the following questions relatively easy and a high facility was achieved - **Questions 1, 3, 19, 21, 24, 26, 29, 34, 35 and 37**.

Candidates found some of the questions particularly difficult and these achieved a fairly low facility. In **Question 4** almost as many candidates chose Option A as Option C, the correct answer. In **Question 5** Options C and D attracted more responses than Option A, the correct answer, indicating that many candidates did not know the features of a multiple store. In **Question 6** the correct answer was Option B but many candidates chose Option A, believing that small-scale retailers are able to buy directly from manufacturers. **Question 7**, a calculation question, presented problems for candidates. All options attracted

responses indicating an element of guessing. Option C was the correct answer,  $\$1200 - \$200 = \$1000 + 10\%$  of  $\$1000$ .  $\$200$  deposit +  $\$1100 = \$1300$ , the purchase price of the motorcycle.

Although Option C attracted most responses in **Question 18**, Options B and D were chosen by a number of candidates. In **Question 22** more candidates chose Option D rather than Option B, the correct answer. In **Question 25** all options attracted a large number of responses. More candidates chose Option D, the correct answer than the other three options but there seemed to be an element of guessing. Collection of customs duties is undertaken by customs authorities, duty free shopping is provided to passengers and aircraft hire is provided by airline companies.

Option C proved to be a positive distracter in **Question 30**. Option B was the correct answer as this type of insurance would be provided by a fidelity bond or fidelity guarantee. Some candidates confused the principles of insurance in **Question 31**. Option D related to indemnity. Options A and B related to utmost good faith and Option C described insurable interest.

The correct answer to **Question 32** was Option B. The car was underinsured and the repair was to cost 50% of its value so Tariq could only claim 50% of the amount he had insured the car for and that was 50% of  $\$24\,000$  i.e.  $\$12\,000$  not Option C,  $\$15\,000$ .

There is still much confusion between public enterprises and the public sector and public limited companies which are in the private sector. **Question 36** exposed this confusion. Almost as many candidates chose Option B – shareholders as chose the correct answer, Option D – the state, as the owners of a public sector enterprise.

# COMMERCE

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Paper 7100/21

Paper 2

## Key messages

Candidates should try to develop their answers to questions with a high mark tariff. They need to answer in context and use examples where applicable. Lists of points are insufficient and usually attain only Level 1 marks.

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 are required to answer four questions from a choice of eight. All the questions covered more than one topic from the syllabus. All questions attracted many responses.

The standard of work overall was fairly 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, wrote very short answers or lists of points.

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

Candidates need to answer questions with the appropriate level of skill. In this connection, the command words beginning each question are particularly important.

Assessment Objective 1 tests 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' confirm that the question is at this level. An example of this type of question is **Question 1 (b) (i)**.

Assessment Objective 2 tests candidates on their ability to apply their knowledge in the context of the question such as **Questions 1 (b) (ii)** and **5 (b)**. Command words such as 'Explain, Explain why, How, Give an example' are command words used for questions testing this objective.

Assessment Objective 3 requires candidates to select, interpret or analyse a problem or situation presented in the question. Candidates are expected to offer reasoned answers. Often the analysis is combined with evaluation as the evaluation is based on reasoning to form a conclusion. Questions such as **8 (c)** and **6 (c) (ii)** are examples of this. Command words such as 'Compare, Analyse, Calculate, Explain why' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. **Question 1 (c)** asks candidates to make a judgment about how important warehousing is to a fishing industry. Command words such as 'Discuss, Evaluate, Do you consider, Recommend, Using evidence, Give reasons' are used to test this objective.

In the question allocated only one mark - **Questions 3 (a) (i)**, most candidates wrote a brief answer. Candidates lost marks in questions such as 5 (a) and 6 (c) (ii) 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 (c), 2 (b), 3 (c), 4 (d), 5 (d), 6 (d), 7 (d)** and **8 (d)**. 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 is required in the question – evidence, an opinion, a recommendation or a choice with reasons and then to follow these requirements. It is also important to look at both sides of the argument or to provide a discussion of options and then a reasoned conclusion. Points should be developed – saying why something is important or why something is the better choice. Candidates will then achieve the higher level and so gain good marks. These questions did, however, differentiate between the good candidates and the poorer candidates.

A few candidates selected questions, crossed them out and attempted alternatives. Some candidates did not answer part questions in the order of the question paper. 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 but many omitted part questions. Most answers were clearly presented. The standard of English was generally good with clear paragraphing. Some writing was difficult to read especially when the writing was quite small or very untidy. It is important that candidates write clearly so that the Examiner can identify easily the points that are being made.

### **Comments on specific questions**

#### **Question 1**

- (a)** Answers were often correct with candidates identifying the fact that the fisherman obtains natural resources from the sea, extracts and is involved in the first stage of production.
- (b) (i)** Candidates were able to state three ways in which a fisherman makes use of banking and finance.  
**(ii)** Some imprecise answers were seen to this question. Insurance does not provide protection against risks. It provides financial protection against risk that may happen. Good examples of insurance risks in context were given and many candidates mentioned the idea of helping with confidence to do business. Some candidates mentioned personal injury or life insurance – valid with such a risky business.
- (c)** Candidates showed a good knowledge of warehousing but they failed to read the question carefully enough and applied their answers to an individual fisherman rather than the fishing industry as a whole. A few candidates showed that warehousing was not necessary for such a perishable product as it would be sold in the fish markets directly to consumers or to fish processors. Many candidates mentioned the need for cold storage.
- (d)** This question called for comment on how communication would assist a canning factory to sell its products. Better answers mentioned the method of communication before showing what it would be used for – using email to answer enquiries from potential customers.

## Question 2

- (a) Some thoughtful answers relating specifically to location were seen to this question but many candidates lost the second mark for each factor by not developing their answers. Some candidates wrote about non-locational factors such as the amount of capital Maisie had or her personal abilities.
- (b) Candidates who stated the definition of trade at the beginning of their answers and then proceeded to apply it in the context of Maisie buying her coffee supplies and selling coffee to customers for profit gained good marks. Some candidates suggested that Maisie might import coffee.
- (c) A wide range of answers were seen to this question. Many candidates realised that Maisie was involved in the catering industry and so there was a need for hygiene and food safety. Others mentioned that dissatisfied customers would go to competitors. Some mentioned the danger of prosecution if Maisie committed an offence.
- (d)(i) Some rather imprecise answers were given about trade credit. Most candidates concentrated on buying now and paying later. Few mentioned that she would be a regular customer, that trade credit would aid her cash flow and that she could use her money to pay other debts while she earned the money from her sales to pay the wholesaler.
- (ii) Most candidates understood the concept of trade discount but some confused it with cash discount.

## Question 3

- (a)(i) Most candidates scored the one mark for this question by selecting 'buy now while stocks last' or 'sweaters for all occasions'.
- (ii) This calculation question produced some interesting answers. The correct answer was \$22.75. Some candidates failed to charge the second sweater at half price. Some candidates charged \$4 postage on both sweaters. Some even multiplied the cost of the sweaters by the cost of the postage. The Own Figure Rule was applied so some of these candidates gained some marks.
- (iii) Most candidates did not study the advertisement carefully enough. Answers that gained credit discussed people that were ordering and paying online or by telephone and because Poppo Ltd would not be able to accept other means of payment. The general advantages of using a credit card such as saving the need to carry cash and reducing the chance of theft were not accepted.
- (iv) Again many candidates failed to comprehend the context of the question. Debit card was the correct answer. Money transfer, electronic transfer and online banking were also accepted. Most candidates suggested cash, cheques, hire purchase or cash with order and gained no marks. Poppo Ltd was selling online or by telephone so there were a very limited means of payment available. No address was given so no means of payment could have been sent by post.
- (b) Most candidates were able to give the advantages of operating a mail order company rather than a chain of multiple stores and scored most of the marks. Some concentrated exclusively on the mail order company.
- (c) This question produced some very good discussions weighing up the advantages and disadvantages of using the telephone or ordering online to obtain goods. Most candidates gave valid reasons and gained good marks. Candidates mentioned being able to see the goods online and being able to discuss problems of ordering when using the telephone.

## Question 4

- (a)(i) Many candidates could identify three features of a partnership. Some confused unlimited liability and limited liability. (ii) Many answers concentrated on partners disagreeing with one another or partners not working as hard as other partners. Better answers mentioned personal assets being at risk because of unlimited liability and the possible lack of continuity following the death of a partner.
- (b) Many candidates showed good understanding of the term 'sleeping partner'. Few mentioned the lack of voting rights. Some confused the sleeping partner with a shareholder.

- (c) The better candidates realised that Max could not insure against the failure of the business because it is a uninsurable risk for which a premium could not be set because there are no past records. Some candidates attempted to say that he could be insured because he had invested money but they gained no marks.
- (d) Some candidates gave well structured answers in response to this question. They considered each option in turn and presented a reasoned conclusion. Others considered the three options as possible benefits collectively to the business. This approach was rewarded.

#### Question 5

This question was not as popular as the other questions set. A few candidates confused the term 'hospitality' with hospitals.

- (a) Candidates gave many different answers to this question ranging from offering quality service and lowering prices to undertaking more advertising and advertising more widely often with examples. Some answers needed to be explained either with an additional point or with an example, for example, moving into other markets such as conferencing or exhibitions.
- (b) This question required candidates to suggest ways of raising finance to develop a resort hotel in Hong Kong. Discussion of loans, selling shares, debentures, grants from the Hong Kong government or using retained profits gained credit. Short term finance such as overdrafts was not accepted, nor were other ways of raising awareness such as holding a special event or more advertising.
- (c) Candidates needed to show what the website could provide such as information on its hotels and other facilities, online booking service and contact details to gain marks. They could also emphasise the importance of the website for advertising and showing special promotions. Some candidates confused having a website with using the Internet and so lost marks.
- (d) Most answers to this question gave an adequate discussion of the pros and cons of a multinational being located in a country. However, they failed to discuss the question posed and to write their answers in the context of a company involved in the hospitality industry. Some did mention employment within the hotels and the fact that foreign tourists would earn foreign currency for the country and contribute to its invisible exports.

#### Question 6

- (a) (i) The features of a department store were well understood. A few candidates confused the department store with a shopping centre.
- (ii) Good knowledge of street markets was shown and a wide range of answers was accepted.
- (b) Candidates did not always show a clear difference between the variety chain store and the multiple chain store. The variety chain store sells many different kinds of goods. The multiple chain store sells one particular product line.
- (c) (i) Although many candidates were able to identify the large-scale retailers from the list, many omitted the department store and so the Own Figure Rule was applied for one mark.
- (ii) Most candidates scored two marks for this question, giving reasons for establishing a small business such as easy to set up and easy to run. To score the other two marks candidates had to look for other reasons for the number of independent shops in the town. Points that gained credit included consumer preference for small shops, the size of the town being able to support many independent retailers and incentives from either the town council or government to set up independent retailers.
- (iii) After sales service was understood by most candidates, some of whom gave clear examples.



- (d) This question proved quite testing for many candidates. Answers about the use of transport should have been related to a supermarket business but many candidates wrote generally about transport and so lost marks. Good answers included comment on consumers coming to supermarkets in their own cars, employees using their own cars to come to work and supermarket delivery vans used to make deliveries to customers ordering online, a growing trend in some countries. Many candidates also commented on the use of supermarkets' own trucks for maintaining supplies from regional distribution centres to surrounding supermarkets and so keeping supermarket shelves filled.

#### Question 7

- (a) (i) Tariffs were well explained and many candidates gained the two marks.
- (ii) Quotas were well understood.
- (b) (i) Candidates were able to show that less cars would be imported, they would be more expensive and so there would be less demand for these cars.
- (ii) Some candidates related their answers to the car industry. Some candidates wrote generally about domestic industries. Some candidates commented that production of cars could be low because of limited imported raw materials or car components.
- (c) Some good understanding of the Balance of Payments was shown with **Parts (i), (ii) and (iii)** being accurately answered.
- (d) This was quite a difficult question but most candidates were able to show that most countries are dependent for what they are unable to produce or what raw materials they lack with worthwhile examples. Better candidates commented on the concept of comparative advantage. Few were able to argue that countries are not dependent on one another.

#### Question 8

- (a) The use of the trade journal was not always understood. Answers that gained credit included Latiff aiming to sell to retailers or specialist traders such as electricians and the fact that Latiff could target its potential buyers better than when using a newspaper.
- (b) (i) Some candidates calculated the cost of the extension socket correctly. Some ignored that fact that the price quoted was per 100 so \$20 000 was incorrect.
- (ii) Many candidates identified two commercial documents correctly and were able to describe them. A few candidates mentioned wrongly the enquiry and the order form which would have been used by the buyer.
- (c) Some candidates showed clear working and calculated the gross profit for the light bulbs. Others tried to use 115% in their calculation and achieved a very unrealistic gross profit.
- (d) Answers to this question were rather brief and not very well developed. Candidates were required to discuss both the cash and carry wholesaler and the traditional wholesaler. Some omitted any mention of the traditional wholesaler. Better answers commented that Latiff could be in competition with large- scale retailers and that many customers might require the credit and delivery facilities offered by the traditional wholesaler.

# COMMERCE

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Paper 7100/22

Written

## SECTION 1

### Key messages

Candidates should try to develop their answers to questions with a high mark tariff. They need to look at both sides of an argument – the disadvantages as well as the advantages, the arguments for as well as the arguments against. They need to answer in context and use examples where applicable. Lists of points are not sufficient. These answers usually achieve only Level 1 marks.

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.

### General comments

In Paper 2 candidates are required to answer four questions from a choice of eight. All the questions covered more than one topic from the syllabus. All questions attracted many responses and were accessible to candidates. The most popular questions were **Questions 1, 2, 3, 5 and 8**.

The standard of work overall was fairly good with a good spread of marks. 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. They offered a discussion looking at both sides of an argument. Poorer candidates omitted parts of the questions they had chosen, wrote very short answers or lists of points.

Some parts of each question were designed to be more testing than others. The eight questions set contained some easy parts e.g. **1 (a) (i) and (ii), 2 (a) (ii), 3 (a) (i) and (ii), 4 (d) (i), 5 (a) (i), 6 (a) and (b) (ii) a, 7(a) (i), (ii) and (iii) and 8 (a) (i) and (ii)**. There were also subsections in each question that were much more testing, for example, **1 (b) (i) and (ii), 1(d), 2 (e), 3 (b) and (c) (ii), 4 (c) and (d) (ii), 5 (e), 6 (b) (i), 7 (b) and 8 (e) and (f)**. 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 are particularly important.

Assessment Objective 1 tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. Questions beginning 'Identify, Name, Give, State' confirm that the question is at this level. An example of this type of question is **Question 8 (a) (i) and (ii)**.

Assessment Objective 2 tests candidates on their ability to apply their knowledge in the context of the question such as **Questions 2 (d) and 5 (c)**. Command words such as 'Explain, Explain why, How, Give an example' are command words used for questions testing this objective.

Assessment Objective 3 requires candidates to select, interpret or analyse a problem or situation presented in the question. Candidates are expected to offer reasoned answers. Often the analysis is combined with evaluation as the evaluation is based on reasoning to form a conclusion. Questions such as 8 (f) and 5 (e) are examples of this. Command words such as 'Compare, Analyse, Calculate, Explain why' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. **Question 1 (d)** asks candidates to make a judgment about whether or not Ismail should stop repairing computers and help Sari with sales. Command words such as 'Discuss, Evaluate, Do you consider, Recommend, Using evidence, give reasons' are used to test this objective.

In the questions allocated only one mark - **Questions 1 (a) (ii) and (c) (iii), 8 (a) (i) and (ii), 5 (a) most** candidates wrote a brief answer. Some candidates lost marks in questions such as 3 (c) (ii) and 1 (b) (i) and (ii) and (c) (iv) 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 (e), 3 (b), 4 (d) (ii), 5 (e), 6 (c), 7 (c) and 8 (f). 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 is required in the question – evidence, an opinion, a recommendation or a choice with reasons and then to follow these requirements. It is also important to look at both sides of the argument or to provide a discussion of options and then a reasoned conclusion. Points should be developed – saying why something is important or why something is the better choice. Candidates will then achieve the higher level and so gain good marks. These questions did, however, differentiate between the good candidates and the poorer candidates.

A few candidates selected questions, crossed them out and attempted alternatives. Some candidates did not answer part questions in the order of the question paper. 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 but many omitted part questions. Most answers were clearly presented.

Many candidates started each question on a new page and this helped to make their answers much clearer. The standard of English was often good with clear paragraphing but some candidates struggled to write coherent sentences and found expressing themselves very difficult. Some writing was difficult to read especially when the writing was quite small or very untidy or where the writing on the reverse side of the paper was showing through. It is important that candidates write clearly so that the Examiner can identify easily the points that are being made. It would also be helpful if candidates could answer their chosen questions in the order in which they are listed on the examination paper.

## **SECTION 2**

### **Comments on specific questions**

#### **Question 1**

- (a) (i) Answers were often correct with candidates identifying tertiary production as the third stage of production involving the distribution of goods and giving accurate examples.
- (ii) Almost all candidates scored the one mark for either primary or secondary production.
- (b) (i) and (ii) Candidates found these two questions quite challenging. They failed to answer in context. Many candidates gave the outcomes of specialisation - greater skill, more profit rather than looking at how Ismail would assist customers by repairing the computers and how the business would benefit from Sari specialising in sales.
- (c) (i) This calculation question proved to be more difficult than usual with a range of answers, the majority of which were incorrect. Many candidates subtracted the cost of sales from one or other of the income figures and so did not achieve any marks.
- (ii) Candidates were often able to achieve the two marks for this question as the Own Figure Rule was applied to answers carried down from Part (i).

- (iii) Most candidates identified expenses as the answer to this question.
- (iv) Most candidates were able to give a reason why it was important for Ismail and Sari to make a profit but many were unable to develop their answer for the second mark.
- (d) Many candidates produced a well argued answer to show why Ismail should remain repairing computers, mentioning that this side of the business would build up or that customers unable to have their computers repaired would go elsewhere. Other candidates suggested that Ismail should join Sari in sales as there was plenty of business and the business could then expand. There was a need to produce a well balanced answer with the pros and cons clearly shown in order to substantiate the argument and produce a reasoned judgement. Many candidates failed to produce logical answers and tended to discuss general points relating to specialisation. They failed to achieve Level 2 marks.

### Question 2

- (a) A wide range of points was accepted as answers to this question on features of a supermarket and most candidates scored at least 2 marks and many achieved full marks.
- (b) Although negative points relating to Site X were accepted, many candidates seemed to be confused about the two sites. Many candidates commented on the better road links provided by Site Y but often failed to gain marks for a second point. Comment on land for parking, ease of deliveries and the location between two Centres of population would have gained marks.
- (c) This question proved difficult for many candidates. Many did not identify a type of large-scale retailer. Others chose the hypermarket – totally unsuitable for a town centre site. A multiple store, department store, shopping centre or variety chain store would have been acceptable answers.
- (d) Many candidates were able to identify and explain reasons for owning a fleet of vehicles. Good answers commented on the need to keep supermarkets supplied and the possibility of delivering goods to customers. Many candidates commented on flexibility of use and savings on costs such as hire of vehicles.
- (e) Most candidates favoured concentrating on developing the online business and wrote about the popularity of the Internet and saving time for busy people. Some seemed to think that Busybuy would sell its goods globally – rather unrealistic and that people sit at home for hours ordering food and household goods. Better candidates discussed both options, showed the disadvantages of building new supermarkets such as building costs and often recommended undertaking both options to cover all target markets.

### Question 3

- (a) (i) Many candidates scored all the marks for this question mentioning storage, cold storage, awaiting sale and protection against theft or damage.
  - (ii) Again candidates scored well and were able to show how a bank would assist this manufacturer.
- (b) Many candidates wrote thoughtful answers to this question and linked branding with packaging. They discussed the need for branding and packaging and sometimes looked at the disadvantages of branding and packaging, so achieving Level 2 marks. Others listed the reasons for branding goods and for packaging the fizzy drinks and so achieved only Level 1 marks.
- (c) (i) Most candidates were able to define the term breaking bulk but those who thought it meant selling in small quantities gained no marks.
  - (ii) Answers to this question were often disappointing, concentrating on general features of a wholesaler. Answers that gained marks included many retailers lacking the capital and the storage to buy in bulk and the fact that many small-scale retailers sell a variety of goods in small quantities and so do not want to buy in large quantities.

- (iii) The command word for this question was Explain and there were four marks allocated to it. Many candidates failed to gain the second mark for the explanation. They listed two correct services such as delivery, credit or storage but failed to explain them.

#### Question 4

- (a) (i) Some candidates could identify two features of a public limited company that did not apply to a private limited company. Others confused the public limited company with a government owned public corporation.
- (ii) Some candidates could identify two features of a private limited company such as often being a family business and restrictions on ownership. Others confused this type of business organisation with a partnership.
- (b) The concept of limited liability was usually understood but few mentioned the confidence given to potential investors by this protection.
- (c) Many candidates produced some well argued benefits relating to selling in many markets. They wrote about increased revenue, spreading risk, taking advantage of economies of scale and being better known. Others confused this question with selling shares on a stock exchange and so gained no marks.
- (d) (i) Many candidates scored the three marks for this question and used information given in the question to provide some of the answers. Points that gained credit included lower expenses, selling in new markets, selling better quality products or new products and undertaking more advertising.
- (ii) Some candidates gave well structured answers in response to this question. They considered each option in turn and presented a reasoned conclusion usually recommending more advertising and sales promotion. Others wrote very generally that each option would increase trade and attract customers and achieved only a few marks.

#### Question 5

- (a) (i) Most candidates identified the European Union correctly.
- (ii) The calculation was usually accurate but many candidates forgot that they were working in \$millions.
- (iii) Again this calculation was usually correct.
- (b) Many candidates were able to show how Tresum Ltd contributed to the Balance of Trade but some candidates answered without any context and gained no marks.
- (c) The concept of quotas was well understood and those who answered in the context of Tresum Ltd achieved the three marks for this question quite easily.
- (d) Understanding of the use of containers was good with many candidates concentrating on the need for protection, fast turnaround and the storage of the motor parts in the container rather than a warehouse.
- (e) The best answers to this question were contextualised and analysed points such as the need to save time and the fact that there were likely to be less difficulties if intermediaries were employed. Weaker answers repeated the question and concentrated on the payment of commission.

#### Question 6

- (a) Some candidates gave transport documents instead of commercial documents such as the invoice quotation and statement of account. Some gave the enquiry which is sent by the buyer to the seller.

- (b)(i)** Although most candidates could name two insurance risks such as fire, theft or public liability, many candidates had difficulty describing them. It is probably quite difficult to describe fire insurance so it would have been better to have chosen a business risk that could be described such as motor insurance or fidelity bond.
- (ii)** Insurance documents were well known but some candidates mentioned the claim form – not correct in terms of taking out insurance. Some gave insurance principles instead of the insurance premium and so gained no marks.
- (c)** The best answers discussed valid advantages of each means of transport and then analysed them with sound application, making a judgement based on their preceding analysis. Weaker answers offered discussion in a limited way – the pros and cons of each means of transport and made an unsupported recommendation. Although road was considered the most likely means of transport for the furniture, rail was often chosen. Candidates often failed to mention the need for the additional use of road to deliver the furniture.
- (d)** Most candidates appreciated the need for a speedy means of communication and justified the use of telephone or email. Some tried to justify letter post or a consignment note and gained no marks.

### Question 7

- (a)** Advantages needed to relate to Mrs Ho. This was not always the case.
- (i)** Many candidates appreciated that cash gave immediate ownership, possible discounts and the payment of no interest.
- (ii)** The concept of postponing payment and use before payment was often mentioned.
- (iii)** Payment by instalments was understood but some candidates thought, wrongly, that hire purchase gave immediate ownership.
- (b)** Better candidates had no problems with this question and produced a range of factors such as the amount to be paid, Mrs Ho's savings, interest to be paid and how creditworthy Mrs Ho was. Others thought the question required a justified recommendation of one of the means of payment in Part **(a)**.
- (c)** Most candidates could define what loans and overdrafts were but had more difficulty in giving valid reasons for these sources of finance. Many focused on rates of interest without sound reasoning. Some candidates still think that no interest is payable on an overdraft.
- (d)** Responses to this question on debit cards was variable. Some candidates scored full marks for answers that concentrated on immediate payment resulting in no bad debts and no cash on premises resulting in the need for less security. Others answered in terms of advantages to the customers – not the question.

### Question 8

- (a (i))** Most candidates identified an example of sales promotion from Fig. 4.
- (ii)** Most candidates identified an example of persuasive advertising from Fig. 4. Some candidates failed to use the stimulus material and so gained no marks.
- (b)** Some candidates understood the term collective advertising and gained full marks. Others did not realise that it is advertising by a group of traders in the same trade advertising a particular kind of product such as milk.
- (c)** The functions of bar codes were well understood with most candidates scoring the two marks available.
- (d)** Most candidates stated that they would take back the packet of cakes to the shop and ask for a refund or replacement. Some suggested the customer should do nothing or eat the cakes. Many thought that contacting the police or suing the shop were suitable actions but these were not accepted as they were thought to be unrealistic.

- (e) Despite being part of the syllabus, advertising devices are not understood by the majority of candidates. Advertising devices are techniques used to associate a product with something to which the consumer can relate. They are hidden persuaders that are usually associated with the content of the advert, the tone of the advert or the sound effects used. Examples are the use of colour, emotional appeal, affluence, romance, ambition and music. Advertising devices are not advertising media.
- (f) Candidates were expected to show how important advertising and promotion of goods is for the sale of goods. Many candidates discussed the arguments for advertising and promoting goods but few mentioned any drawbacks to the use of advertising such as the excessive cost.