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FOREWORD

This booklet contains reports written by Examiners on the work of candidates in certain papers. **Its contents are primarily for the information of the subject teachers concerned**.

COMMERCE

GCE Ordinary Level

Paper 7100/01
Multiple Choice

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

General comments

The multiple choice paper set this year was the first examination of the revised syllabus for Commerce. The paper consisted of forty 4-option items with some questions involving pictorial or diagrammatic data and some asking candidates for calculations.

The mean was 27.90 with a standard deviation of 6.635. No candidate scored below 6 marks and thirteen candidates achieved full marks.

Candidates found the following questions relatively easy and most candidates answered them correctly – **Questions 2**, **4**, **5**, **7**, **8**, **9**, **10**, **12**, **14**, **16**, **18**, **20**, **21**, **22**, **23**, **24**, **27**, **35**, **37**, **38** and **39**. Some of these question involved calculations e.g. **Questions 2** and **10** and some involved interpretation of data e.g. **Questions 23** and **27**.

Comments on specific questions

Question 1

This caused some problems with many candidates choosing option **A** rather than option **C**, the correct answer.

Question 3

The topic of specialisation was not always known, with many candidates selecting option **C** as the correct answer instead of option **A**.

Question 6

This was correctly answered by a large number of candidates but some candidates opted for option **D**.

Question 11

The calculation involving mark up caused some difficulty but many candidates correctly calculated the answer giving option **D**.

Question 13

This was quite complicated and although many candidates chose the correct answer – **B**, there was an element of guessing at the answer.

Question 15

Most candidates chose option **A**, but a large number thought that telephoning people, option **D** would be effective.

Question 17

This called for a judgement and option **D** television proved to be a positive distractor. The correct answer was option **B** the cheapest method and therefore the most suitable for a local business which has to control its costs.

Question 19

Candidates seemed to be guessing at the answer with options **A** and **D** attracting nearly as many candidates as the correct answer, option **C**. Cars are more likely to be transported in large roll-on, roll-off ships and oil is usually transported by tanker.

Question 25

Some candidates showed that they did not know the principle of indemnity.

Question 26

There was an element of guessing, with option **D** nearly as popular as the correct answer – option **C**.

Question 28

This was demanding. Invisible exports is a difficult topic and many candidates confused invisible exports with invisible imports choosing, incorrectly, option **A** instead of option **B**.

Question 29

Most candidates showed good understanding of customs authorities.

Question 30

The definition of a free port was not always known with many candidates choosing option **D** instead of option **A**.

Question 31

Most candidates were able to identify option **C** – delays in payment as the correct option.

Question 32

The difference between public and private sector organisations is not always known, but this question on this topic performed well.

Question 33

It was expected that this question on sole traders would have a higher facility but many candidates did identity option **B** as the correct answer.

Question 34

All options attracted candidates, but over half the candidates identified option **B** as the correct answer. Most candidates could distinguish between those businesses with a high rate of turnover and those with a relatively low one and chose option **A** as the correct answer.

Question 40

This caused some problems with many candidates choosing option **C** as the correct answer instead of option **D**. They obviously believed that a standards association was a government-run organisation involved in making laws.

Paper 7100/02
Paper 2

General comments

This was part of the first papers set using the new syllabus. Paper 2 required the candidates to answer four questions from eight rather than five from ten but the format of the questions was broadly similar to those set using the former syllabus.

The paper proved to be quite challenging for all candidates. It gave the stronger candidates opportunities to show their ability whilst presenting weaker candidates with chances to gain reasonable marks. The paper differentiated well and a wide spread of marks was received.

Some candidates achieved very good marks and showed a good knowledge of commercial practice. Their answers were usually thoughtful and they showed a good command of English. They wrote at length, discussed the topics chosen and used valid examples.

There were, however, many candidates who achieved below forty marks. They misunderstood some of the questions or did not read the questions properly and so gave wrong or incomplete answers especially where extended writing was required. Some candidates had language difficulties and some lacked sound knowledge of the topics chosen. These candidates were, however, able to score some marks where factual recall was required or the data given was tested.

The time allocation for the paper seemed to be more than adequate with little evidence of incomplete papers because of time constraints. There were some scripts with gaps in answers but this was probably due to lack of knowledge of the subject matter. Some candidates still disobeyed the rubric and answered more than four questions.

Questions 1, **4**, **5**, **6**, **7** and **8** were the most popular questions chosen by most candidates but when **Questions 2** and **3** were attempted some very good scores were seen.

Comments on specific questions

Question 1

Part **(a)** produced some clear, well-constructed answers relating to wants and needs and their dependence on trade. Some candidates concentrated on wants and needs. Others wrote about scarcity of resources, specialisation, comparative advantage and, therefore, the need for trade both at home and overseas. Both approaches were rewarded. Others wrote all they knew about trade without linking their work to the question asked.

In part **(b)** candidates were expected to link communication and warehousing to international trade. Answers were sometimes disappointing with not enough attention shown to the slant of the question. Better candidates offered worthwhile examples such as teleconferencing enabling meetings to take place across continents and comment on bonded warehouses. Most candidates scored some marks.

In part **(c)** some very well argued answers were received containing appropriate references to the higher expectations of consumers and the influences of comparative advantage on trading practices. Some candidates, however, confused the word 'interdependent' with 'independent' and struggled to justify their agreement with the independence of countries in the modern world.

Question 2

This question, based on technology, proved to be less popular with candidates than might have been expected. In part **(a)(i)** some candidates failed to register the 'e' in front of commerce and defined commerce generally. In part **(a)(ii)**, many explanations were clear but the point about companies wishing to expand their markets without incurring the expenses of shops was not frequently made. Part **(b)** caused few problems for most candidates but, unfortunately, some candidates misread the first line of the question in part **(b)(i)** as 41 kg boxes instead of 4 one kg boxes and so produced an answer of £2050 for the first calculation. The Own Figure Rule was allowed so candidates gained some marks.

In part **(c)** most candidates concentrated on the effect of attractive packaging luring customers into buying. Comments on general reasons for packaging, such as protection and hygiene, were not given credit because these points were not within the terms of the question. Also in part **(c)** many candidates failed to note the command word of the question 'discuss' and presented a list. This gained them only two marks. The question required discussion and answers which gained full marks commented on two or three ways in which Chocolick could use computers in their business showing how these uses were beneficial to the company. Candidates also sometimes failed to note the word 'other' and wrote about advertising and selling and so gained no marks for this.

Question 3

This was the least popular question on the paper but where chosen candidates usually knew the topics and scored well. Many candidates were able to differentiate between invoices and statements in part **(a)**. Comment about crossed cheques being safer because they could not be cashed but had to be paid into a bank account were usually made. Candidates often forgot to mention that they could be specially crossed. In part **(c)** most candidates explained direct debit correctly but sometimes were confused about who was using direct debit to pay bills. Answers to part **(d)** were often disappointing with little knowledge being shown. The question asked how rather than why and comments which gained marks included setting up accounts for the company, making payments, transferring funds between accounts, calling up statements on bank accounts and obtaining information about bank services.

Question 4

This popular question produced many worthwhile answers. In part **(a)** many candidates gained full marks and often provided more information than the mark allocation required. Part **(b)** was more demanding for many candidates. Weaker candidates failed to appreciate that the slant of the question was on benefits to Bonusbuy. In part **(b)(i)** they often wrote about the advantages of self service to customers rather than to Bonusbuy. They often thought that all own brands were manufactured by the supermarket and in part **(b)(iii)** wasted time describing bar codes. Part **(c)** required comment on both pricing and special offers with examples. Candidates could either agree or disagree with the statement and could also show how supermarkets compete in other ways. To gain full marks, candidates had to discuss both pricing and offers and make a reasoned judgement based on the statement in the question. Weaker candidates merely commented on either pricing or offers and so gained minimal marks.

Question 5

Part **(a)** was well answered but some candidates offered more than two characteristics.

In part **(b)** many candidates were able to see why Bing Ltd offered credit – higher turnover, loyal retailers, building up goodwill between Bing Ltd and its customers.

Part **(c)** produced some good answers but candidates often lost marks by not explaining the services offered by Bing Ltd. Many candidates found part **(d)** particularly difficult. They failed to analyse why each of the business risks should be insured. They often confused public liability with limited liability or argued that as a wholesaler, no members of the public would visit the warehouse. Often consequential loss was not known – to cover loss of profits and costs as the result of business closure because of a calamity such as a fire. To gain full marks, candidates had to discuss all three business risks. General answers such as mentioning the need for insurance to cover risks gained minimal marks.

Question 6

Many candidates scored marks in part **(a)** but some failed to read the question and use the data given. They wrote generally about the advantages and disadvantages of air transport. Part **(b)** produced some very good answers (much better than answers received to similar questions in past papers) with fewer candidates writing about passengers and luggage rather than sending freight by air. A wide range of answers to part **(c)(i)** were received with cameras, fire brigade, scanning luggage and body searches being among the most popular. Some candidates again mistook the question as relating to general services at airports. The idea of low cost airlines was not always known but many candidates were able to show that they offer low fares on many routes often within a country. Although speed was usually mentioned in part **(d)(i)**, other points such as reaching inaccessible places and air transport's ability to carry a variety of aid in both planes and helicopters were rarely given. Part **(d)(ii)** provided an opportunity to score four easy marks but candidates often gave products instead of groups of products such as perishables and valuable goods and so gained only half marks.

Question 7

Good knowledge was shown about multinational companies. The example was sometimes omitted but a wide range of reasons for their importance in the global economy was seen. These included the provision of employment, inward investment, contribution to taxes and infrastructure and the provision of large quantities of goods and services across the global economy. Part **(b)** was correctly answered by the majority of candidates. In part **(c)** candidates needed to read the question carefully and to appreciate the scenario set in order to gain full marks. Retained profit or a bank loan were the most appropriate sources of finance for the computer system. The overdraft and trade credit were not suitable as the computer system was for the whole company and so a very large sum of money was involved. Long-term finance such as ordinary shares, a bank loan, retained profits or debentures were required for part **(c)(ii)** where again a large sum of money was required. In part **(c)(iii)** trade credit or an overdraft were the correct answers. Candidates often gave long-term finance such as shares as answers for this part question.

Question 8

Again a popular question but not always well answered. Most candidates gave adequate answers to part **(a)** but information provided such as prices and location were not often mentioned. Answers to part **(b)** were disappointing. Most candidates agreed that the factors shown were important considerations but were not often able to link the size and scope of Rita's small nursing service to the cost and range of different advertising media. Methods of appeal were not often understood and worthwhile examples of these such as nursing taking place, the family, or a sympathetic approach in the content of the advertisement were not often seen.

In part **(c)(i)** some candidates confused working capital with capital investment. Many were able to define working capital but were not able to show the importance of working capital to the business. A wide range of suggestions (some very far-fetched such as discounts, free medicines and lower prices) were seen in answer to part **(c)(ii)**. Better candidates suggested controlling costs, offering a quality service and building up gradually as ways of making profits and showed that they understood the context of the question.