

# COMMERCE

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Paper 7100/01  
Multiple Choice

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

## General comments

The mean mark achieved was 25.31 with a standard deviation of 5.89. No candidate scored below 8 marks. No candidate achieved 40 marks, but one scored 39 and three gained 38.

There was no pattern suggesting that pictorial or diagrammatic questions posed particular problems. The same was true for numerical questions. Candidates found the following questions most accessible and most answered them correctly: **Questions 2, 3, 4, 5, 7, 12, 15, 16, 18, 20, 21, 22, 31, 32, 34, 36 and 38**. Of these, **Questions 4 and 12** involved calculations.

The question that most candidates found to be the most difficult was **Question 25** which related to goods stored long-term in a warehouse. Option B was the correct answer, but many chose Option A. Although iron-ore is likely to be stored long-term, it is unlikely to be stored inside in a warehouse.

Significant numbers of candidates were uncertain about **Question 1**, where many chose Option C or D.

**Question 6** about loyalty cards where Options B and C were often chosen.

**Question 9** where candidates chose services given to retailers instead of manufacturers.

**Question 13** where many chose Option A.

**Question 14** where quite a few guessed about the debit card.

**Question 19** where knowledge of trade journals was limited. Only 50% of the entry answered correctly.

**Question 24** where most chose the function of a customs authority.

**Question 26** about bonded warehouses where many chose Option B.

**Question 27** where knowledge of insurance documents was limited.

**Question 28** where many candidates were guessing with most options attracting answers.

**Question 29** where the balance of payments was confused with visible trade.

**Question 39** where knowledge of credit payments was limited and many guessed the answer.

**Question 40** where all options attracted responses.

# COMMERCE

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Paper 7100/02

Written

## General comments

Paper 2 offers candidates a choice of four from eight structured questions.

The paper gave the stronger candidates opportunities to show their ability whilst presenting weaker candidates with chances to gain reasonable marks. There was an incline of difficulty in each question with easy part questions designed for all candidates to score marks and some more demanding elements. The paper differentiated well and a wide spread of marks was received with a small number of candidates achieving full marks.

Many candidates gained over 70 marks pointing to genuine knowledge of the subject matter and the availability to apply it to the given scenario of each question chosen. These answers were thoughtful, often stimulating to read, neatly presented and displayed a good command of English. These candidates wrote at length, discussed and analysed the topics chosen and often used local examples.

There were, however, many candidates who achieved below 40 marks. They misunderstood some of the questions e.g. **Question 7 (d)**, wrote brief answers to questions where large numbers of marks were allocated or did not read the questions properly.

They often did not pay sufficient attention to key words in questions and failed to gain marks for answers that were irrelevant in terms of the context of the question. Candidates sometimes failed to read particular questions properly – if a question says ‘should they ....., candidates are usually required to give an opinion with reasoning to support this opinion. Often the recommendation or opinion was omitted e.g. **Question 5 (d)**. Some candidates had language difficulties and some lacked sound knowledge of the topics chosen. These candidates were, however, able to score some marks for the easier parts of questions.

The time allocation for the paper seemed to be adequate. There were some scripts with gaps in answers but this was probably due to lack of knowledge of the subject matter. A few candidates disobeyed the rubric and answered more than four questions but this is less of a problem than it used to be. It would be helpful if candidates spread out their work better – leaving a line between each question chosen and leaving a line between each part of each question.

**Questions 1, 2 and 4** were the most popular questions chosen by most candidates. **Questions 3, 5, 6 and 7** were often popular in certain Centres and **Question 8** was the least popular. Scores usually seemed well balanced whatever choice of questions candidates made.

## COMMENTS ON INDIVIDUAL QUESTIONS

### QUESTION 1

This question seemed to differentiate well and gave many candidates opportunities to score high marks. Most candidates were able to gain marks on Parts **(a)**, **(b)** and **(c)** but those who did not give sufficient consideration to the chart before writing their answers had problems with Parts **(d)** and **(e)**. These questions provided the better candidates with the opportunity for focused writing and the application of knowledge. Unfortunately some candidates did not understand the word ‘trend’ in Part **(d)** or the relationship with the table and described what sectors did with no reference to the data. Some described more than two trends. Others explained patterns in employment terms. The best answers spoke of demand, economic growth and changes in technology to explain changes in some of the figures given. In Part **(e)** many candidates were able to show how manufacturing and tertiary activities are inter-related usually concentrating on manufacturing and showing how aids to trade assisted a product to sell.

## QUESTION 2

Many candidates scored well when they kept to the context of the question – mail order. Candidates usually scored full marks for Part **(a)** but failed to relate the use of credit cards in Part **(b) (i)** to a mail order business. Answers such as it is safer to carry cash and it is easier gained no marks. Answers that gained marks included the opportunity to postpone payment, proof of purchase and the difficulty of sending cash through the post. Part **(b) (ii)** was better answered with candidates being aware of commission payments, delayed payments, extra clerical work and risk of credit card fraud. Answers to Part **(c)** were often well structured. Few candidates gained only Level 1. The difference between Level 2 and Level 3 answers lay in the depth in which the benefits and problems were discussed. Some candidates omitted a reasoned recommendation and so gained only Level 2 marks. Answers to Part **(d)** ranged from detailed responses in context to sketchy answers writing about the functions of warehousing with no reference to CDs and DVDs. The better candidates recognised the small size of the stock needing storage and were able to offer a developed discussion of the topic. Others talked of continuous production and storing manufactured goods.

## QUESTION 3

Most candidates scored full marks on Part **(a)**, an easy starter. Part **(b)** differentiated quite well. Some candidates thought that Fatima was a member of the bank staff and that she might be expected to work for 24 hours a day. Some answers were sketchy revealing that the concept of 24-hour banking using electronic technology as opposed to manual labour using bank premises is still not fully understood by all candidates. The word 'undertake' in the question may have confused some candidates. Many candidates wrote about night safe and this was given no credit. The better candidates wrote in some detail about ATMs and their functions, Internet banking and sometimes telebanking. Other candidates mentioned the use of credit and debit cards.

Part **(c)** enabled candidates to score well if they selected the correct means of payment. In Part **(i)** direct debit was the correct answer but credit transfer and cheque were also allowed. In Part **(ii)** the cheque was the expected answer and in Part **(iii)** bank draft was the correct answer. Many candidates calculated the bank statement correctly in Part **(d)** but if candidates forgot the key issue – the account was \$2000 overdrawn before any of the transactions, then there were problems. The Own Figure Rule was applied.

## QUESTION 4

This question was the most popular topic on the paper. Most candidates used the data in Part **(a)** instead of writing about informative or persuasive advertising. Those candidates who decided that the advertisement was both persuasive and informative gained four easy marks. Most candidates were able to show why telephone was more effective in the context of the garage in Part **(b) (i)** but Part **(b) (ii)** was less well answered. Better candidates recognised that the landline might be busy or that the mobile phone might be used after hours or in the case of emergencies. Some candidates thought that it was a good public relations exercise to offer several methods of contact. Many candidates calculated the correct discount in Part **(c)** but some multiplied the discount by the 7 days that the offer was valid rather than deducting the discount from the price of the car. In Part **(c) (ii)** candidates often offered developed answers showing good understanding of the advantages and disadvantages of using cash discount. The better candidates made use of the data showing how much potential profit the garage owner was likely to lose on each car and weighing this against possible increased sales. Some candidates also made the point that garages often prefer to sell on credit so that interest payments can be made in the future. Some candidates omitted an opinion. Few candidates achieved full marks in Part **(d)**. They wrote about insuring the car, obtaining refunds (unlikely as regards a car) and taking the garage to court before any mention of the warranty and free repairs. Credit was allowed for mention of consumer legislation or other means of consumer protection.

## QUESTION 5

In Part **(a)** many candidates concentrated on warehousing and how it assisted trade and these answers gained the marks. Some candidates defined trade and others described how Riaz Storage Ltd bought from manufacturers and sold to retailers. Part **(b)** was better answered than similar questions set in the past. Candidates appreciated the seasonal nature of fruit and wrote about constant supply throughout the year and evening out price fluctuations. Part **(c)** provided candidates with six easy marks which most candidates gained. The consignment note was not accepted as it is used by independent transport companies. Answers to Part **(d)** often showed good understanding of both using agents and setting up regional distribution centres. Some candidates discussed only one of the two options. Many decided that using agents was the better option at least in the short term, with the main disadvantage of setting up distribution centres being the cost.

## QUESTION 6

This question on insurance was usually well answered. Part **(a)** enabled many candidates to score six marks but candidates choosing the risks of fire or theft probably found it more difficult to describe the risk than those choosing employer's liability, consequential loss or public liability. Pooling of risk in Part **(b)** was well understood with candidates able to show the meaning of pooling of risk without commenting on Mrs Zahir. The term 'non-insurable risks' in Part **(c)** was accurately described with worthwhile examples. Part **(d)** which provided an opportunity to discuss insurance statements in relation to the principles of insurance revealed good understanding of these aspects of insurance from many candidates. Those commenting on all three statements with accurate use of the insurance principles gained Level 3 marks. Candidates discussing the meaning of the statements without mentioning some of the principles achieved Level 2 marks and those who made simple statements about insurance gained Level 1. The main error was to confuse indemnity with utmost good faith in Statement 1.

## QUESTION 7

This question revealed some gaps in candidates' understanding of business organisation and business terms. Interpretation of the data in Parts **(a)** and **(b)** was usually well done with most candidates scoring some marks. Good knowledge of the sources of finance in Part **(c)** for sole traders and for public limited companies was shown. Many candidates found Part **(d)** quite difficult. The command word of 'Explain' should have shown candidates that six factors were not expected and that two or three discussed would have earned all the marks. Some were able to do this but many did not explain the factors in the context of the estate agents and mentioned sources of unskilled labour, sources of raw materials and market for a business selling houses and land rather than numbers of potential customers, cost of rent/taxes and communication and transport facilities in the area. Part **(e)** was well answered with good understanding of the effects of multinational companies on the countries in which they locate. The question asked the candidate to evaluate the benefits and disadvantages i.e. weigh up the benefits and the costs and few were able to do this. Perhaps this is outside the scope of an 'O' Level candidate but only one mark was lost for failing to do this.

## QUESTION 8

Although some good responses were achieved, this question produced many superficial answers. The concepts of forwarding agents and freeports were not always understood in Part **(a)**. Some candidates thought that trading blocs were harbour booms put across to keep out ships. Others showed very good understanding of trading blocs, in Part **(b)**, as groups of countries who have made trade agreements with common tariff barriers. They gave worthwhile examples and also showed the advantages to a country of belonging to a trading bloc such as more opportunities for trade, easier movement of goods across borders and better relations with member countries.

Answers to Part **(c)** were disappointing. Candidates are usually able to show clearly the advantages and disadvantages of using road and air transport but when both were put together in a question candidates often omitted one or wrote about the advantages of both or the advantages of one and the disadvantages of the other. Many candidates were, however, able to offer suggestions as to additional information required to make a more informed choice such as kind of goods, weight of goods, volume of goods, nature of goods and the urgency of the goods.