COMMERCE

Paper 7100/12
Multiple Choice

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

General comments

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1**, **5**, **19**, **24** and **33** and some requiring candidates to undertake calculations such as **Questions 14**, **15**, **17**, **29** and **37**.

The numerical/calculation questions did not appear to cause problems for many candidates.

Comments on specific questions

Candidates appeared to find the following questions more difficult than the others on the paper.

In **Question 12** many candidates chose Option **A**, convenient opening hours at the wholesaler's cash and carry warehouse rather than the correct option, **D** – forecasts of possible changes in the market for consumer products. Some candidates may not have read the word *least* in the stem. Small-scale retailers will be looking for what helps them in the short term, so convenient opening hours is likely to be much more helpful to them than forecasts looking to the future.

In **Question 19** Option **A** attracted many responses, perhaps indicating that candidates had not read the data carefully enough. Most candidates, however, did choose Option **C** having seen that the data showed that there was a fall in the price of diamonds.

Both Options **A** and **B** in **Question 24** attracted many responses, however the correct answer was **C**, roll-on, roll-off ferry. The picture showed a truck being driven off the ship without being unloaded. Few candidates chose Option **D**.

For **Question 31**, most candidates opted for the meaning of the word *cashless* and so chose Option **D** – there will be no notes and coins used when buying products. However, realistically, there will always be occasions when cash is required for a transaction so Option **D** could not be correct. The correct answer was Option **A** – the use of smartphones for all kinds of transactions by more people.

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**Paper 7100/13
Multiple Choice**

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

General comments

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1**, **6**, **9**, **19** and **29** and some requiring candidates to undertake calculations such as **Questions 7**, **13**, **14**, **16** and **36**.

Apart from **Question 36**, referred to below, the numerical/calculation questions did not appear to cause problems for many candidates.

Comments on specific questions

Candidates appeared to find the following questions more difficult than the others on the paper.

In **Question 3**, although the majority chose the correct answer, Option **C**, the other three options were selected by many candidates indicating an element of guessing in this question about specialisation.

In **Question 8** most candidates chose Option **D**, the correct answer, but again all the other three options attracted responses. The overall total cost is likely to be the most important factor for a student on a restricted income.

Many candidates knew the meaning of the term entrepôt trade in **Question 15** (re-exporting previously imported goods) but some candidates thought it was arranging trade between two countries or importing duty-free goods.

In **Question 17** Option **B** proved to be a positive distractor. Member countries benefit from belonging to a trading bloc by making increased sales to other members of the trading bloc – Option **D**. Goods may be adapted to meet the needs of the members of the trading bloc (Option **B**) but goods would be adapted to meet the needs of any country that was involved in trade regardless of whether or not it was a member of a trading bloc. Both Options **A** and **C** also attracted responses, indicating that the topic of trading blocs is not fully understood by candidates.

Question 18 also caused problems for candidates with all options being chosen by a significant number of candidates, especially Option **D**. The question was evaluative, requiring the judgement of candidates. All options were to some degree correct, however Option **C** was the *most* likely.

Most candidates chose Option **A** in **Question 26**, but all other options attracted some responses indicating that candidates were guessing the answer and/or do not fully understand the process involved in making a claim.

In **Question 29** Option **D** proved to be a positive distractor. A cover note has nothing to do with making a claim; it is a document used when taking out motor insurance, so it could not be correct. Option **A** was the correct answer as the evidence has to be assessed before any compensation can be given.

Many candidates were unable to calculate the cost to the retailer of buying stock in **Question 36**. All options attracted responses with the minority of candidates choosing the correct answer – Option **D**. The cost to the retailer of buying stock is calculated as average stock held multiplied by stock turnover. The average of opening stock (18 000) plus closing stock (22 000) is multiplied by the rate of inventory turnover (20 000 · 4) to achieve the answer $80 000.

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Paper 7100/22
Written

Key messages

Below are some general suggestions to help candidates do well in this examination.

For this new 2018 GCE O Level Commerce syllabus, it is now the quality of the response that determines the level an answer achieves for the three 6-mark questions and the two 8-mark questions, rather than the quantity of correct statements contained within an answer. Quality is determined by progression through the hierarchy of the four assessment objectives set out in the syllabus.
Note the number of marks awarded on each question.
Use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.
Read and re-read questions before answering. Weak responses were often characterised by not taking enough time to fully register both the general focus of questions and also the level of detail required.
Look for the important words in each question, e.g. command words such as Explain or Describe and key words such as always or best.
Show working out in any calculation questions.
Revise all areas of the syllabus. Candidates should learn succinct and accurate commercial definitions.
Answers to 6-8 mark questions should always be developed with examples and/or application.
Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not score marks – these should be explained to get the marks.

General comments

All candidates had difficulty in answering **Questions 4(b)** and **5(c)**, where the vast majority of candidates found it difficult to gain good marks on the topics of warehousing and insurance. Apart from this, it was evident to examiners that all centres had prepared their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary. In particular, it was pleasing to note that the question focused on the new syllabus topic, the changing environment of commerce, has been well answered.

The command words on the examination paper are particularly relevant to centres and candidates. Each question indicates the Assessment Objective (AO) targeted and the level at which it is based:

AO1 (Knowledge and understanding). This assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or principles mentioned in the question. For example, **Question 2(a)** asked candidates to 'State **two** features of a shopping centre.' Command words such as 'State', 'Name', 'Describe', 'Give' and 'List' confirm the question is at this level.

AO2 (Application) This assessment objective tests candidates' ability to relate their answer to the context. In this examination, the context to **Question 1** was about transport. For example, **Question 1(b)(i)** asked candidates to 'calculate the total value of freight carried by trucks and vans' based on the information supplied in the question. Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level.

AO3 (Analysis) This assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 5(b)** asked candidates to 'Identify and explain one insurance document needed for motor vehicle insurance.' Command words such as 'Identify'. 'Compare' and 'Analyse' confirm the question is at this level.

AO4 (Evaluation) This assessment objective tests candidates' ability to formulate some judgements. For example, **Question 3(d)** asked candidates to 'Discuss whether or not AAA Ltd should remain as a private limited company or convert to a public limited company. What course of action would you recommend? Give reasons for your answer.' Command words such as 'Explain why', 'Do you consider', 'Discuss', 'Assess' and 'Evaluate' confirm the question is at this level.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 2(a)** candidates were asked to 'State **two** features of a shopping centre'. Some candidates gave one to three features and some gave more than three features. It should be emphasised to candidates that including less than the question asks for will reduce the maximum marks that a candidate can score; likewise, including more than the prescribed number does not gain any more marks and may waste valuable examination time that could be used elsewhere.

Comments on specific questions

Question 1

(a)   Most candidates identified correctly the types of transport that a business would use to move flowers and offshore oil from the list provided.

(b) (i)   Many candidates calculated correctly by adding the $60bn for trucks with the $40bn for vans to give an answer of $100bn. Weaker answers only gained one of the two marks by simply identifying the $60bn and $40bn without adding the two figures together.

(ii)   It was good to see many candidates being able to cope well with this question. Air and noise pollution were frequent relevant answers for the environmental effect with points of explanation including the releasing of carbon emissions into the air contributing to global warming.

(c) (i)   Many candidates suggested correctly another method of transport not named in Fig. 1 although some suggested, by misreading the question, a method of transport shown in Fig. 1.

(ii)   Many candidates were able to circle the two correct answers to the correct choices. However, there were a minority of candidates who lost both marks by incorrect answers.

(d)   The best answers described and analysed the possible implications, both positive and negative, of a business owning its own fleet of vans to make deliveries with a judgement made on whether it had more benefits than weaknesses. The better answers weighed up the possible cost-savings and direct customer contact benefits against the capital and running costs. The best candidates pointed out that much depended on the size of the business and the amount of deliveries made – highlighting a key issue that a decision is likely to depend on displays excellent evaluative skills. Weaker answers were narrower in focus and lacked analysis.

Question 2

(a)   This question was extremely well answered by most candidates. However, some candidates lost marks by thinking that the features applied only to Fig. 2.

(b)   Those candidates who recognised that this question was concerned with *local* newspapers, as opposed to national newspapers, generally scored high marks. Centres should note that a question beginning with the command word 'Should' means that the reasoning can be on either side, as long as it is justified.

(c)   Many candidates gained one out of the two marks for their knowledge of a suitable sales promotion, such as a free gift, but often found it difficult to gain the second mark by adequately describing it.

(d)   There was often good analysis made on the advantages to a customer of using a credit card, such as being able to access credit to make purchases instantly and spread the repayment to the credit provider. However, some weaker answers thought that there was little or no interest charged on credit cards. The arguments for using debit cards were sometimes less well-developed.

Question 3

(a) (i)   The term 'liabilities' was generally accurately defined.

(ii)   There were many correct answers to the calculations for working capital and share capital. Incorrect answers were generally down to candidates not knowing the formulas.

(b)   Centres should note that a question beginning with the command words 'Do you think' means that the reasoning can be on either side as long as it is justified.   The better answers recognised that fixed assets were essential to continue operations or production whereas current assets were essential for paying bills. Weaker answers sometimes confused the two terms or gave irrelevant points.

(c)   The best answers were contextualised and analysed points such as the need to advertise so as to make the toys appear better than those of their rivals. Weaker answers were often generalised and lacked application to the scenario.

(d)   Candidates were expected to describe and analyse the merits on both running a private limited company and a public limited company. Private limited companies were generally well answered with many valid points, whereas some candidates confused public limited companies with state-sector businesses. Centres should refer to the published mark scheme for the range of accepted points.

Question 4

(a)   This True and False question on warehousing statements produced a range of marks from zero to three with the second statement being the least well answered.

(b) (i)   This question proved to be challenging for the majority of candidates with only the best candidates obtaining maximum marks.

(ii)   Again, this question was poorly attempted. Many answers incorrectly thought that price stability was concerned with keeping stocks in order to increase prices.

(c) (i)   Answers to this question provided a wide spread of marks. Good answers identified the role that overseas agents perform and analysed how they would save a business time and money. Weaker answers often just described one or two of their duties without explaining their advantages to a business.

(ii)   The topic of trade restrictions produced many maximum scores, with tariffs and embargoes being popular choices.

Question 5

(a)   Many responses were able to identify two different methods of communication but often found difficulty in then describing these methods sufficiently well.

(b)   There were many disappointing answers to this question on insurance documents. It was only the better answers that could correctly identify a relevant document, such as a proposal form, and then explain it with two points of development.

(c)   Some knowledge was shown of the work of an insurance broker but candidates were often unable to discuss the benefits and drawbacks of using an insurance broker or an insurance company. Some candidates thought incorrectly that a broker was more likely to commit fraud.

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Key messages

Below are some general suggestions to help candidates do well in this examination.

For this new 2018 GCE O Level Commerce syllabus, it is now the quality of the response that determines the level an answer achieves for the three 6-mark questions and the two 8-mark questions, rather than the quantity of correct statements contained within an answer. Quality is determined by progression through the hierarchy of the four assessment objectives set out in the syllabus.
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Show working out in any calculation questions.
Revise all areas of the syllabus. Candidates should learn succinct and accurate commercial definitions.
Answers to 6-8 mark questions should always be developed with examples and/or application.
Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not score marks – these should be explained to get the marks.

General comments

All candidates had difficulty in answering **Questions 1(e) and 4(b)**, where the vast majority of candidates found it difficult to gain good marks on the topics of bonded warehouses and pooling of risk. Apart from this, it was evident to the examiners that all centres had prepared their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary. In particular, it was pleasing to note that the question focused on the new syllabus topic, the changing environment of commerce, has been well answered.

The command words on the examination paper are particularly relevant to centres and candidates. Each question indicates the Assessment Objective (AO) targeted and the level at which it is based:

AO1 (Knowledge and understanding) This assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or principles mentioned in the question. For example, **Question 1(d)(i)** asked candidates to 'Describe the purposes of the bill of lading document used in international trade.' Command words such as 'Name', 'Describe', 'Give' and 'State' confirm the question is at this level.

AO2 (Application) This assessment objective tests candidates' ability to relate their answer to the context. In this examination, the context to **Question 5** was about the work of a freight forwarder. For example, **Question 5(c)(i)** asked candidates to 'Explain **two** reasons why an increasing amount of goods are now being transported by air,' based on information supplied in the question. Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level.

AO3 (Analysis) This assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 3(c)** asked candidates to 'Identify the best media for a bank to advertise its new savings account. Give reasons for your answer.' Command words such as 'Identify'. 'Compare' and 'Analyse' confirm the question is at this level.

AO4 (Evaluation) This assessment objective tests candidates' ability to formulate some judgements. For example, **Question 3(c)(ii)** asked candidates to 'Evaluate whether or not bonded warehouses are important in international trade. Give reasons for your answer.' Command words such as 'Explain why', 'Do you consider', 'Discuss' and 'Evaluate' confirm the question is at this level.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 2(b)** candidates were asked to 'Explain **two** advantages to Hannah of being a sole trader'. Some candidates gave one to three advantages and some gave more than three advantages. It should be emphasised to candidates that including less than the question asks for will reduce the maximum marks that a candidate can score; likewise, including more than the prescribed number does not gain any more marks and may waste valuable examination time that could be used elsewhere.

Comments on specific questions

Question 1

(a) (i) Answers were often correct with candidates identifying the fact that the production of manufactured goods is involved in the secondary stage of production.

(ii) Many candidates were able to circle the two correct answers to the correct choices.

(c) (i) Many candidates were not able to correctly calculate the total value of exports as they often omitted one of the visible exports in their adding up.

(ii) This calculation was performed better than part **(c)(i)** but often candidates lost one of the two marks available by not including the minus sign in the correct answer: –$13.1m. It is important to include the currency symbol if appropriate, positive/negative, and units e.g. m=million or bn=billion, if used instead of zeros.

(d) (i) Valid purposes of a bill of lading, such as acting as a document of title and as a receipt, were generally provided by the better candidates.

(ii) Again, purposes of an air waybill such as acting as an advice note were only well known by the better candidates.

(e) Answers to this question were often disappointing. The best answers produced a well-argued answer to show the advantages and disadvantages of bonded warehouses with a developed evaluation reviewing the importance of bonded warehouses. However, many candidates failed to produce two-sided answers and tended to discuss general points relating simply to warehousing.

Question 2

(a) (i) The majority of candidates knew that the named accountants shown in the town centre plan were an example of a partnership.

(ii) Again, many candidates identified the example of the private limited company correctly.

(b) Many candidates could identify valid advantages to Hannah of being a sole trader, but often found difficulty in explaining the advantages.

(c) This true and false question differentiated well with a range of marks from zero to three marks. It was disappointing, however, to find that a large proportion of candidates thought that *speciality* stores provide a range of goods.

(d) There were many excellent answers to this question. The best answers made a recommendation with a thorough evaluation of why they selected their chosen site and explained why each of the two other sites was rejected. These candidates analysed relevant location points such as customer footfall, competition and transport needs. The weaker answers, with or without a recommendation, made a satisfactory analysis of one or two sites.

Question 3

(a)   There was a range of interesting suggestions on what the term *cashless society* meant. The best answers made the two key points that it is when people use less cash and use more electronic payments, such as a debit or credit card instead. Weaker answers thought that it mean that people had less money to spend on goods and services.

(b)   The majority of candidates obtained at least one of the two marks in knowing two ATM services. Unfortunately, some candidates did not read the question properly and gave withdrawing cash as one of their answers. The question explicitly named this service in the question and required two other services.

(c)   The best answers were contextualised and analysed points such as the need to provide detailed information on interest rates and targeting the right savers who would be most likely to invest into the new account. Weaker answers were often generalised and lacked application to the scenario.

(d)   The best answers described and analysed the possible implications, both positive and negative, of internet banking for the banks with a judgement made on whether it has more benefits than weaknesses. Answers relating to customer satisfaction were acceptable to this question if they related to the benefit to the bank, but the better answers weighed up the cost-savings for banks of closing bank branches against the resistance of some customers to access their accounts online. Weaker answers were narrower in focus and lacked analysis.

Question 4

(a) (i)   The best candidates applied their answers to the scenario, with a letter or email chosen as the best communication method to use for a cover note because it provides a written record/proof. Unfortunately, some candidates did not give a valid reason to support their answer so could not achieve full marks.

(ii)   Most candidates correctly suggested video-conferencing, but then often simply repeated the information in the question stem without providing a <u>valid</u> reason.

(b)   There was a lack of adequate knowledge concerning the insurance concept of the pooling of risk. Only a minority of candidates could describe the concept then actually analyse and evaluate it.

Question 5

(a)   It is not surprising that this question covering the use of smartphones was answered well by the majority of candidates as they were able to transfer their real-life experiences to the statements provided.

(b)   Candidates often gave a general circumstance of using a credit card to pay for goods. These types of answers were not accepted. Candidates earned marks for explaining what Patrick might use a credit card for, such as paying for meals, fuel or hotel bills. This indicates that the sort of general knowledge that might have worked for part **(a)** does not usually make a good answer to a Commerce question.

(c) (i)   The best answers clearly identified and explained two reasons for the increasing amount of goods being carried by air. Strong candidates linked their answers to the growth of global trade and the increasing capacity of modern cargo planes to carry bigger loads. Weaker answers often looked generally at the advantages of using air transport instead of focusing on the question.

(ii)   It was good to see many candidates being able to cope well with this question which was testing the new syllabus topic of the 'changing environment on commerce'. Air and noise pollution were frequent relevant answers.

(d)   Part **(d)** tests assessment objective AO4, as well as the other three assessment objectives, and proved challenging for many candidates, particularly to score marks at the highest level. Better answers demonstrated good knowledge and understanding of one of the options and then analysed why they had rejected the other option. Weaker answers often lacked sufficient accurate detail, as well as any application to the purchase of a warehouse, on both options of finance.