COMMERCIAL STUDIES

Paper 7101/01
Elements of Commerce

General Comments

The overall outcome of the examination showed some continuing improvement in performance by candidates in this session compared with 2009. This was evident in the compulsory *Section B* of the examination paper, where the vast majority of candidates gained marks on each of the two questions. It was evident to the examiners that all Centres had continued to prepare their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary.

One general weakness of candidates relates to ignoring the number of responses required by some questions. For example, in **Question 6(b)(i)** candidates were asked to 'identify three features of each'. Some candidates gave one or two features and some gave more than three features. It should be emphasised to candidates that including less than the prescribed number reduces the maximum marks that a candidate can score for that particular question, and including more than the prescribed number does not gain any more marks and, in fact, may waste valuable examination time that could be used elsewhere on the paper to score marks.

Comments on specific questions

Question 1

(a) (i)   This was frequently very well answered. Most candidates scored at least one mark out of the two marks available through recognising the role of trade in commerce.

(a) (ii)   Some candidates did not apply the aids of trade to their answers. Other candidates who made this link explained how transport was needed to move goods from the wholesaler to the retailer, how banking was needed to facilitate payments, and how communication was needed between the two parties.

(b)   This was generally well answered, with many candidates correctly stating services such as warehousing, delivery, breaking bulk, risk-bearing and advice.

(c)   Stronger answers applied good knowledge of banking to this question. Such answers explained how the farmers would be able to have loans to buy machinery and savings accounts to deposit income. There were few answers dealing with bank payments or transfers.

(d)   There were many excellent answers to this part, with many candidates explaining the importance of advertising in informing customers about new products, in reminding customers about existing products and in persuading customers to buy products.

Question 2

(a) (i)   Better answers correctly calculated the dividend as $50 000.

(a) (ii)   A minority of candidates thought that retained profit was given to shareholders. Correct answers focused on using retained profit for expansion, to buy fixed assets or as working capital.

(a) (iii)   The correct calculation was 10 cents.

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(b)   Strong answers explained three clear differences in respect of ownership, liability and finance between partnerships and private limited companies. Other answers explained one or two differences.

(c)   Answers to parts **(c)(i)**, **(ii)**, **(iii)** and **(iv)** could have been improved by stating the types of work in each department rather than identifying work roles. For example, in part **(i)** the correct answers included paying invoices and credit control, rather than identifying work roles such as accountant.

Question 3

(a) (i)   All candidates scored some marks on this question. The best answers scored highly by explaining how road transport was faster than rail over short distances, had more flexibility because it was door-to-door, and the goods were less likely to be damaged or stolen as they were handled less. It needs to be pointed out that unqualified word comments such as 'easy', 'cheap' and 'fast' do not score marks.

(a) (ii) There were many high scores to this part, where strong answers explained that sea transport was more suitable for heavy and bulky goods and gave appropriate examples.

(b)   This question demanded knowledge and understanding of transport documents rather than details about the means of transport.

(c)   The topic of postal services continues to be part of the syllabus that seems to be causing particular problems for candidates. Answers to this part needed to name and explain post office services, such as letter post, business reply service and express delivery services.

Question 4

Although question 4 was not a popular choice, those candidates attempting it demonstrated good general knowledge about the principles and processes of insurance.

(a) (i)   Many candidates identified the correct answer of pool or pooling of risks.

(a) (ii) and **(iii)** Many candidates scored high marks by defining compensation as a payment to cover losses, and defining premium as a payment to buy insurance cover.

(b)   The best answers referred to factors such as age, gender and type of policy.

(c)   Many candidates gave valid examples of non-insurable risks. The explanation of the term 'non-insurable' proved to be more difficult.

(d) (i)   Many candidates recognised that, under the principle of insurable interest, one can insure their own property but not someone else's property. Other points that could have been included were that someone might be tempted to destroy someone's property and gain money if they were allowed to insure it.

(d) (ii) There was good knowledge and understanding demonstrated on the principle of utmost good faith. Good answers explained that policyholders had to tell the truth on the proposal form because the insurer could refuse to pay out on the claim if this was not done.

Question 5

Overall, question 5 was well answered.

(a)   Many candidates achieved four or more out of a possible eight marks. The correct communication method was often identified in parts **(i), (iii)** and **(iv)**.

(b)   Most candidates recognised the advantages of cost savings and written information when using email in part **(i)**, and the advantages of the telephone providing instant feedback and discussions in part **(ii)**.

(c)   Strong answers explained that mobile phones could be used at any time and anywhere, were portable and could be used for messaging.

(d) There were many valid points on the importance of email to companies included in candidate answers to this part.

Question 6

(a) (i) and **(ii)** The majority of candidates scored 3 or 4 marks in these two parts.

(a) (iii) A common answer was to suggest that a shopping centre has 'higher prices' or would lead to 'over-spending', but these statements were inappropriate. Better answers referred to congestion and traffic problems.

(b) (i) Strong answers stated that speciality shops were small, sold one type of good and gave personal advice.

(b) (ii) Strong answers to this question stated that department stores were large and contained many departments under one roof with a variety of goods.

(c) There was generally very good knowledge demonstrated by the vast majority of candidates about the reasons for the popularity of supermarkets. In fact, many candidates scored three or the maximum of four marks for this part.

(d) Candidates needed to consider why banks provide ATMs for customers. Answers could have included a saving on bank costs, as there is less need for bank employees and bank branches because customers do not need to go into a bank.

Question 7

(a) (i) The correct calculation was $91.6 m.

(a) (ii) The correct calculation was $27.75 m.

(b) It was pleasing to see many candidates recognise that the balance of payments was in balance because total exports = total imports of $100 m. Many other candidates accurately concluded that visible trade was in surplus, and that invisible trade was in deficit.

(c) (i) Stronger answers explained the need for exports to raise foreign currency so as to pay for imports and foreign debt.

(c) (ii) Stronger answers explained the need for imports to provide cheaper or quality goods that some countries cannot produce, such as cars.

(d) (i) The best answers stated that excise duties were charged on local goods so as to control home production and that customs duties were charged on imports to help protect home producers.

(d) (ii) The best candidates stated that quotas restricted imports, which made imported goods more expensive.

COMMERCIAL STUDIES

| Paper 7101/02 |
| Arithmetic |

General comments

The presentation of the work was very good again this year.

The level of the paper was such that all candidates were able to demonstrate their knowledge and ability. The paper was challenging for the most able again, with very few candidates scoring full marks. There was no evidence that any candidates were short of time, as some even attempted all 4 questions in *Section B*.

Examiners reported seeing quite a number of candidates using log tables this year, which caused some problems with questions such as **3(c)**.

The general level of performance was about the same as last year and there were very few candidates scoring under 20%. Not showing working when marks were available for the method was a problem in the early questions. Candidates must show the arithmetic operations that they are carrying out if credit is to be given when their answer is incorrect. They should also avoid writing statements that have no mathematical meaning if the answer is wrong, such as

$$\begin{array}{cc} 1 & 14.6 \\ & \times \\ 17.5 & x \end{array}$$

.

Candidates should make sure they give answers to the accuracy specified in the question. This year many candidates overlooked these instructions in specific questions so could not gain full credit.

Comments on specific questions

Question 1

Answers: **(a)** 255.5 **(b)** 44 **(c)** 33.3

This was generally well answered.

The candidates who made errors in part **(a)** divided instead of multiplying.

In part **(b)**, many candidates ignored the 5 days and just calculated 8 + 4 = 12 hours. Some candidates had difficulty with the difference between 0800 as a clock time and 8 hours as a length of time.

In part **(c)**, some candidates used 100 or 10 000 instead of 1000, and 60 instead of 3600 for the conversion.

Question 2

Answers: **(a)** 0.4 **(b)(i)** 23.45 **(ii)** 23 450 000 **(c)** 24

In part **(a)**, some candidates inserted their own brackets, which changed the question. Those that did not do this sometimes calculated 76 + 11 instead of –76 + 11.

Most candidates were able to do parts **(b)** and **(c)**, with misplaced decimal points being the only problem

Question 3

Answers: **(a)(i)** $\dfrac{9}{40}$ **(ii)** 22.5 **(b)** 11 **(c)** 0.8462

In part **(a)** both parts were usually correct.

Part **(b)** was the least well done as there was confusion over the units and the calculation 6.5 + (60 x 75 / 1000) was not very often seen. This was usually due to problems with the conversion of units.

Candidates should be aware that marks are awarded for complying with accuracy instructions, as in part **(c)**.

Question 4

Answers: **(a)** 990 **(b)** 205 **(c)** 6.77 **(d)** 1120

Parts **(a)**, **(b)** and **(c)** were generally well done but some candidates tried to involve the base RPI of 100 in their calculations. In part **(c)**, the common error was to divide by 1025 instead of 960.

In part **(d)**, many candidates produced a premium which was greater than the value of the risk, usually because the third party liability itself became involved in the calculation.

Question 5

Answers: **(a)(i)** 28 **(ii)** 29 **(iii)** 29.48 **(b)** 56

Most candidates scored some marks on this question and the standard of work on Statistics was much improved this year. In part **(a)**, the common error was to divide by 5 rather than 25 for the mean. In part **(b)**, the common error was to involve the length of the fish in the calculation.

Question 6

Answers: **(a)** 7626 **(b)** 4204.73 **(c)** 1140

This question was quite well done, with most candidates knowing exactly what was required. Some candidates ignored either the 18% or the 38%, whilst others calculated the depreciation for 3 years or 5 years. In part **(c)**, many candidates calculated the 20% additional cost but did not then go on to complete the answer to the question.

Question 7

Answers: **(a)** 76.40 **(b)** 306.80 **(c)** 10.30 **(d)** 156

There was considerable confusion noted in part **(a)**, with some candidates not understanding the concept of hire purchase and just combining the figures 14, 12 and 25 to produce a credit price. In part **(b)**, some compound interest was seen but in general this was well done. The common error was to use 36 months. In part **(c)**, it was common to see candidates finding 22% of their answer to part **(b)** rather than of the interest. Part **(d)** was well done, with only some confusion between a 40% drop and 40% of the value.

SECTION B

Question 8

Answers: **(a)** 19 920 **(b)(i)** 2552 **(ii)** 125 000

About half of candidates that attempted this question did very well and scored high marks, whilst the remainder usually scored a maximum of 2 marks for part **(b)(i)**.

Question 9

Answers: **(a)** 176 **(b)** 16 700

Candidates that did well with this question still had difficulty dealing with the commission and either ignored it or added it to the money involved. A few candidates were dividing by the conversion rates when they should have been multiplying but work on this topic was much improved on last year. However, even the very good candidates once again ignored the accuracy requirements.

Question 10

Answers: **(a)(i)** smooth graph drawn **(ii)** 8000 to 8500 **(iii)** 12 700 to 12 900 **(b)** 29 439.59

This question was very popular and generally well done. Part **(a)(i)** was particularly well done, although some candidates decided that this was a bar chart question, despite the two axes and the use of the word graph. In part **(ii)**, most candidates joined (2, 9000) to the origin instead of projecting the curve back to approximately (0, 8000). Part **(iii)** was almost always correctly answered, as was part **(b)**.

Question 11

Answers: **(a)** 52 **(b)** 50

Candidates need to work through this type of question systematically, finding the selling price and then the staff reduction to be able to find the final sale price of the toy before they can then start on the percentage profit. Only if they can follow all this procedure carefully will they then be able to deal with the reverse case in part **(b)**. A few very able candidates did score full marks on this question but otherwise very few marks were scored.

COMMERCIAL STUDIES

Task 1 – Accuracy Test

Candidates are under time pressure for this task and do not have time to proofread their work on completion, therefore some accuracy marks might be lost. If the passage is not completed, all accuracy marks can be lost.

Task 2 – Ruled Table

Candidates followed instructions well, making corrections and ruling the table as indicated. Cruise headings were mostly bold and underlined and the accuracy level of this task was very good.

Most candidates placed the cruises in alphabetical order. Some did not rearrange the cruise days and prices to correspond with the cruise and lost a mark.

Overall, excellent presentation skills were displayed. In this task, one of the display elements was to use consistent line spacing between tours. A4 paper allows enough room for this task to have one clear line space after each heading and before the next.

For example:

Columbian River

Enjoy dramatic waterfalls. View historic forts and navigate the locks and dams that have tamed this mighty river.

Mekong River

The Mekong, the longest river in South East Asia, enables the exploration of the region between the ancient city of Khemer and the elegant former French colonial city of Saigon – (Ho Chi Minh).

Task 3 – Business Letter Composition

As in previous years, candidates structure business correspondence very well. The tone is usually pitched correctly and composition is very good. However, those candidates who did not understand fully blocked and open punctuation methods lost marks.

Look at the example on the next page for a reminder of the layout for business correspondence. It is fully blocked (everything starts on the left) using open punctuation and consistent line spacing throughout.

ASPINALL & SONS

Holiday Buddy
Ashton in Makerfield
Nr Wigan
WN5 JK3

Telephone: 00988 89978   Email: _gacoal@wgn.com_

| Reference | ⟶ | GA/AA | _Turn up 2 single line spaces_ |

| Date in full | ⟶ | 14 December 2010 | _Turn up 2 single line spaces_ |

| Address block | ⟶ | Mr K Jones | _Turn up 1 single line space between each item_ |

19 Derby Lane

Hilltop Farm

RUNCORN

Cheshire

CH1 900

| Salutation | ⟶ | Dear Mr Jones | _Turn up 2 single line spaces_ |

| Subject Heading | ⟶ | Holiday Enquiry | _Turn up 2 single line spaces_ |

Thank you for your recent enquiry. Please find enclosed our holiday brochure containing weekend breaks in Italy.

| Paragraphs of text | ⟶ | We are very proud of our weekend breaks and feel sure you will find just what you are looking for. |

If you would like to make a booking, or require any further information, please do not hesitate to contact us.

| Complimentary close | ⟶ | Yours sincerely | _Turn up 5 single line spaces_ |

| Signatory and Title | ⟶ | John Aspinall Manager | _Turn up 2 single line spaces_ |

| Enclosure(s) | ⟶ | Enc |

Task 4 – Minutes of Meeting

This task was performed very well. Excellent presentation skills and knowledge of printer correction signs were displayed throughout. Abbreviations were expanded, with the exception of 'co.'. Very few candidates expanded this to company.

Accuracy was good, with some candidates achieving two to three marks. Most candidates produced minutes that would have been acceptable within the business world and candidates should be commended for this.

All instructions for this task were carried out extremely well.

Task 5

(a) Candidates completing the form received excellent marks.

(b) Candidates used excellent presentation skills for this task. They displayed a sound knowledge of tabulation and consistency throughout.

All corrections and special attention to display were performed very well.

All printer correction signs and instructions were followed, with the exception of the printer correction sign for transposing text.