



Examiners' Report June 2022

GCSE Commerce 4CM1 01

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Introduction

Many candidates had gained a great deal of commercial understanding from studying the course and this was apparent in the answers given. However, there was a number of candidates who answered the questions detailing their knowledge of the topic without giving any application, analysis or evaluative comments. This restricted the candidates' access to the full range of marks. The various scenarios throughout the paper are of real-life commercial operations, which perhaps interested the candidates and meant that they were able to relate their comments more easily to the questions.

The mark scheme includes the Assessment Objectives to help in the preparation of candidates for future examinations. Just to reiterate, that all four of the Assessment Objectives (AOs) are covered throughout the paper and the percentage breakdown of each AO can be seen on page 31 in the Specification. Also on page 44 of the Specification, are examples of the command words used. For example, in question (Q) 2(g) and Q3(f) the command word is 'Justify'. Candidates are asked to write an extended answer, using information provided, in order to recommend one of the two options to a commercial operation.

It is important that candidates take into account the marks allocated for each question, giving them guidance on the amount of detail they need to answer the question.

It is also worth mentioning that the examination paper is marked using the online 'ePEN' system, therefore candidates must indicate if they have continued their answer somewhere else on the paper or have added additional sheets. Although many candidates did follow this information there was still a number who did not. The examiner may not realise that a candidate has continued writing somewhere else on the paper unless it is made clear. For those candidates that used additional paper, their response to the questions must be identified clearly on the paper. Sufficient lines are given for candidates to answer questions. It is also important that candidates label the additional pages clearly to show the question with which they are continuing. Examiners are unable to guess if a candidate has continued the answer somewhere else. Candidates must indicate by using 'continued', 'contd page' or 'see separate sheet'.

There were also candidates who did not follow the instructions of the examination paper: for the multiple choice questions candidates are given the instruction to mark an 'X' in the box. There were some candidates who used 'ticks', which may not be recognised by the scanners.

Questions may be taken from any part of the specification; therefore, centres should ensure that all sections are covered so that they do not disadvantage any candidates. From the work seen, it appeared that some candidates had not covered the full specification.

Each question will have examples that can be used with candidates. The examples have been chosen to illustrate good exemplars but also to identify areas where candidates may have had issues with a particular question. The information given may be used in centres to help improve the level of performance of future candidates.

Each question will have explained exemplars that can be used with candidates and suggestions on how candidates can improve.

Question 1 (c)

A 'define' question: candidates had to define the term 'utmost good faith'. From the responses seen, a number of candidates understood the meaning of the term of being honest and truthful.

Candidates should be encouraged to avoid using the term straight from the question when answering, because this does not always show a definition.

(c) Define the term **utmost good faith**.

(1)

It is a insurance principal which states that both parties the insurer and insured should be honest when providing information for insurance.



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Examiner Comments

This response demonstrates that the candidate answers the question and gains the mark available.

Total: 1 Mark

(c) Define the term **utmost good faith**.

(1)

It is when there is full trust on a project to rely on for a positive outcome.



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Examiner Comments

This response demonstrates where a candidates has not really given a full definition of utmost good faith. The use of the word 'trust' is not the same as truthful or honest.

Total: 0 Marks

Question 1 (d)

Again, another 'define' question, where candidates were asked to define a multinational corporation.

Most candidates understood what the term meant and were able to give a clear definition.

(d) Define the term **multinational corporation**.

Multinational is a world wide organisation
that ~~trades~~ has ^{business} different location ⁱⁿ office
in at least two different countries. (1)



The candidate gives the response that it would have businesses in at least two different countries, which receives a mark.

Total: 1 Mark

(d) Define the term **multinational corporation**.

(1)

Ans = ⇒ When one or more than ^{one} company deals
with many corporation ~~as~~ this is known
as multinational corporation.



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Examiner Comments

The candidate responds here by using corporation and multinational corporation in their response.

This shows that there is no clear understanding of what a multinational corporation is.

Repeating the question or phrases from the question is a frequent issue and something that candidates should avoid.

As a result, the response receives no marks.

Total: 0 Marks

Question 1 (e)(i)

A calculation question, where candidates had to work out the cost of buying 200 Kazuri necklaces in euros. A significant number of candidates did not gain a mark for this question.

It is worth reiterating to candidates that they should show their workings within the box, because they may have the correct formula and figures but did not make the calculation correctly. By entering the figures for the calculation, they could have gained a mark.

(e) *Kazuri* is a business based in Kenya. It has a factory making beads that are then used to make bracelets and necklaces. *Kazuri* also produces different types of pottery. All these items are sold around the world.

A business in Italy purchased 200 *Kazuri* necklaces at a cost of 481 720 Kenyan Shillings (KES).

In February 2020 the exchange rate was 1 euro (€) = 120.43 KES.

(i) Calculate the cost of buying the 200 *Kazuri* necklaces in euros in February 2020. You are advised to show your working.

(2)

€ 4000



The candidate for this response does not include the working-out of the calculation, but does achieve the correct answer.

Candidates are advised to show their workings, in case the final answer is not correct. One mark could be obtained for using the correct figures.

For example $481\,720/120.43$

Total: 2 Marks



Ensure that your figures are clear and easy to read

(e) *Kazuri* is a business based in Kenya. It has a factory making beads that are then used to make bracelets and necklaces. *Kazuri* also produces different types of pottery. All these items are sold around the world.

A business in Italy purchased 200 *Kazuri* necklaces at a cost of 481 720 Kenyan Shillings (KES).

In February 2020 the exchange rate was 1 ^{Big}euro (€) = 120.43 ^{Small}KES.

(i) Calculate the cost of buying the 200 *Kazuri* necklaces in euros in February 2020. You are advised to show your working.

(2)

$$481720 \div 120.43 \times 200$$

~~80~~

$$\geq \text{€} \dots 800,000 \dots //$$



The candidate does not gain any marks on this question.

Adding the x 200 means that one mark is not available to be given.

Total: 0 Marks

Question 1 (e)(ii)

This is the first of the 'State' questions, where candidates must relate their response to the scenario.

Only a very small number of the candidates gained the mark available.

Although from the responses seen candidates understood the effect on the businesses in Italy, they did not put it in context and therefore did not gain the mark. Putting 'Italy' in the response does not guarantee the mark: candidates need to include an example. For instance, the cost of purchasing the pottery from another country might make it too expensive for locals to purchase.

In September 2020 the exchange rate was €1 = 124.48 KES.

(ii) State **one** possible effect on the business in Italy from the appreciation of the euro against the Kenyan Shilling in September 2020.

The business in Italy can buy many necklaces for a cheaper price. ^{kazuri} (1)



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Examiner Comments

The response shows that the candidate understands the scenario and includes a comment about the necklaces.

Total: 1 Mark

In September 2020 the exchange rate was €1 = 124.48 KES.

(ii) State **one** possible effect on the business in Italy from the appreciation of the euro against the Kenyan Shilling in September 2020.

(1)

They cost of the euros will decrease.



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Examiner Comments

The comment that the candidate has made is quite relevant but is not in context and therefore did not gain a mark.

Total: 0 Marks



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Examiner Tip

Remember that 'State' and 'Outline' questions must be in context of the scenario.

Question 1 (e)(iii)

Another 'State' question: as mentioned previously, candidates must ensure that they relate their answer to the scenario and not only by putting in the business name.

Again, many candidates did not gain the mark for this type of question.

(iii) State **one** possible advantage for *Kazuri* of exporting its products.

(1)

Exporting bracelets and necklaces would become cheaper for Kazuri ^{to export} due to the change in exchange rate. As demand for ^{Imports.} Exports increases, therefore the business will be able to maximize trading internationally.



The response shows that the candidate understands the advantage of Kazuri exporting its products and puts the response in context by mentioning bracelets and necklaces.

Total: 1 Mark

(iii) State **one** possible advantage for *Kazuri* of exporting its products.

(1)

Exporting its products allows kazuri to gain more exposure and gain customers from outside the country.



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Examiner Comments

This response is valid but it is not related to the scenario and therefore does not gain the mark available.

Total: 0 Marks

Question 1 (f)

An 'explain' question. This type of question is looking for Knowledge: AO1 marks.

Candidates were asked to give one advantage to a retailer of providing good after-sales service.

Most candidates understood the purpose of after-sales service and gained marks, with only a small number receiving no marks.

A number of candidates may have misread the question from responses seen, and gave disadvantages to the retailer.

It is important that candidates read the question carefully before answering. The question asked for one reason, as opposed to two, and on this occasion because it is an 'explain' question, the response did not have to be in context.

(f) Explain **one** advantage to a retailer of providing a good after-sales service.

(3)

Attracts more customers.

It attracts many customers because customers prefer after sales services provided by the retailers and the customer might recommend others to buy from a particular retailer.



This response gives the advantage of 'attracting customers' which is relevant but then repeats most of the question in the next part of the response, which is wasting valuable time.

The next point with regard to recommending to others is also relevant.

Total: 2 Marks



Avoid repeating the question in your response.

It:

- wastes valuable time
- is not required

Candidates should read the question through at least twice before answering to ensure that they know what is required.

They should avoid repeating the question in the response.

(f) Explain **one** advantage to a retailer of providing a good after-sales service.

(3)

~~Customers will be satisfied and~~ ^{Retailers providing} ~~providing~~ after sale services such as warranties can increase customer satisfaction as ~~it can~~ and it can ~~ensure~~ increase the customers loyalty to the ~~business~~ retailer, because warranties ensures that a product will be fixed & fixed ^{within} ~~after~~ a certain period of time after bought from a retailer, so this can ensure that customers by buy the product as they can get it fixed if damaged or broken, and thus can encourage repeat purchases.



This response gains the marks available.

The example given concerns warranties: this is then developed by the comment about increasing customer satisfaction.

Further development of the comment refers to retailers dealing with any problems.

This is a well-developed response, showing clear understanding of what is required in the answer.

Total: 3 marks



Read the question

Question 1 (g)

Q1g was another 'Explain' question, which is demonstrating 'Knowledge'.

The question asked why department stores are a popular type of retailer. Nearly a quarter of the candidates did not gain a mark on this question, which was due to some confusion as to what a department store was.

Some comments related the response to an actual retailer and there was some confusion with a supermarket, because they may also sell clothes.

(g) Explain why department stores are a popular type of retailer.

(3)

Department stores are popular type of retailers because they have variety of ^{goods and} stocks and one can buy everything from one shop needed from one shop which is easier for customers, while department stores are having more sales.



This response includes relevant points mentioning having a variety of goods and stock, and purchasing from one shop.

However, the first line of the response repeats the question.

Total: 3 Marks

(g) Explain why department stores are a popular type of retailer.

(3)

department stores are a popular type of retailer

as customers can shop in many categories ex:

sports wear, casual wear etc all under one roof.

~~This can be said as a related comment~~ as it is all located in one store it makes shopping convenient for customers. therefore making it popular ~~amongst~~ amongst them.



Reference to being able to purchase a variety of products is relevant, as is under one roof.

The second paragraph repeats what has been said in the first paragraph.

Total: 2 Marks



Avoid repeating the question: it takes up space that may be needed when answering the question

Question 1 (h)

'Analyse' questions test two of the AOs: namely AO2 which is 'Application' and AO3 which is 'Analysis'. Thus, to be successful, candidates need to demonstrate both of these skills within their answer.

This is the first question in the paper which is marked in relation to a levels-based mark scheme. Candidates were asked to 'Analyse' the impact of Bangla Toys dealing with faulty toys. To gain the marks available, candidates needed to apply the information and then analyse. Unfortunately, candidates tended to describe what to do with faulty goods and what they would do with them, rather than relate it back to Bangla Toys. Most candidates gained a Level 2 mark.

Examiners will look at the response 'holistically': has the candidate applied their knowledge to the scenario and have they analysed the information. Then they will make a decision as to where the response 'best fits' into the levels.

Candidates must be aware that there are no marks available for knowledge, and that the response must be in context of Bangla Toys, to gain marks.

Bangla Toys in Bangladesh sells a wide variety of toys that it buys from a number of manufacturers. These toys include an Activity Ball or Baby Pool for babies and games such as Chess or Battleships for teenagers. A small number of toys are returned to Bangla Toys if they have faults.

(h) Analyse the impact on Bangla Toys of dealing with faulty toys.

(6)

Bangla Toys may have to bare the cost of repairing or returning the faulty goods to the manufacture.

By selling faulty toys can harm the Bangla Toys' reputation and public relation, even sales.

Bangla Toys can give out credit notes the faulty toys so the Bangla Toys can ensure that the customer may return, however some consumers may demand money back which may lead to a disatisfied customer to the business.

However Bangla Toys won't get financially loss from dealing with faulty toys as it is given to the manufacture and only small number of toys get returned as the mention above clearly.



The first statement about Bangla Toys bearing the cost of repairing is incorrect and is not credited.

The second paragraph gives a valid point about selling faulty toys: this will harm Bangla Toys' reputation, which is relevant. The candidate could have developed this point further.

The third paragraph relates to the action Bangla Toys should take, but again, is not developed.

This response reaches a Level 2 mark, which shows sound application of knowledge and understanding. The response is not developed sufficiently to gain a higher level.

Level 2

Total: 3 Marks

Bangla Toys in Bangladesh sells a wide variety of toys that it buys from a number of manufacturers. These toys include an Activity Ball or Baby Pool for babies and games such as Chess or Battleships for teenagers. A small number of toys are returned to Bangla Toys if they have faults.

(h) Analyse the impact on *Bangla Toys* of dealing with faulty toys.

(6)

If Bangla Toys sell faulty toys such as Activity Ball and games like chess, customers may be dissatisfied about the quality of the service. Therefore ~~they may~~ this may lead to worsening image and reputation of Bangla Toys in Bangladesh. As a result, Bangla Toys wouldn't be able to charge premium prices for its babies toys and games for teenagers. Thereby, inability to make higher profits may dissatisfy its owners.

Furthermore, if a small number of Bangla Toys are returned if they have faults, ^{such as parents} customers may not like to buy toys for their small children. This is because these toys would be harmful or small damaged pieces may stroke them. As a result, sales of Bangla Toys may fall which may eventually reduce its market share.

Additionally, if Bangla Toys keeps on selling faulty toys in Bangladesh, the customers may switch to rival toy retailers in the area. Therefore, ~~can~~ Bangla Toys may loose to its rivals which may reduce its market share.



This response includes some relevant points concerning how Bangla Toys could deal with faulty goods and makes comments about the image that this could present of the company.

The second paragraph is not relevant to the impact on Bangla Toys but on what would happen if faulty goods are sold to children.

There is sound application of knowledge and understanding in the response, and there are some chains of reasoning.

Level 2

Total: 4 Marks



Read through your response: check that you have answered the question that is asked

Question 2 (c)(i)

This was an 'Identify' question: candidates had to identify which laptop was the most expensive from the table given.

Very few candidates did not gain the mark for this question.

Care should be taken to ensure that candidates include all the details of the model, only putting 'Dell' would not have gained the mark available.

'Dell Inspiron 14 7000' would be needed.

Question 2 (c)(ii)

Similar to Q2(c)(i), candidates must include all the information required. Again, the majority of candidates gained the mark available.

For this response putting 'Hp' would not have gained the mark: 'HP Pavilion Gaming' would be required.

Question 2 (d)

Q2(d) was another 'define' question: candidates had to define the term 'cover note'.

From the responses seen, a number of candidates confused a cover note with reference to a claim form and compensation...

Candidates should be encouraged to avoid using the term straight from the question when answering, because this does not always show a true definition.

(d) Define the term **cover note**.

(1)

A document that shows what the insurance paid for.



The example shown does not state clearly what a cover note is.

It is correct that a cover notes shows what insurance is paid for, but this is not specific enough to gain a mark.

Total: 0 Marks

(d) Define the term **cover note**.

(1)

Temporary insurance given out to the insured while the certificate of insurance is being prepared



This response gives a good example of what a cover note is.

Total: 1 Mark

Question 2 (e)

This question was not answered as well as anticipated.

Many candidates understood why wholesalers offering advice to retailer is important, but then referred mainly to the retailer and not the wholesaler.

As with the previous questions, Q2(e) was an 'Explain' question that required knowledge and did not have to be in context.

Most candidates included mention that wholesalers give information to retailers, which is relevant, but they could have continued with the reasons why. The wholesalers were in contact with the manufacturer and may have had detailed information on the sales of products. This could then be passed to the retailer to help in deciding which products to purchase.

(e) Explain why wholesalers offer advice to retailers.

(3)

To increase sales for the retailers.

The wholesalers offer advice to retailers regarding goods and services and techniques in retailing, therefore to increase the profitability to the retailer.



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Examiner Comments

The first sentence is not relevant to the question.

The only valid point concerns offering advice about goods and services.

Total: 1 Mark



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Examiner Tip

Read the question through at least twice before attempting it, to ensure you will answer what is being asked

(e) Explain why wholesalers offer advice to retailers.

(3)

Wholesalers offer advice to retailers because retailers may not have clear ideas in the buying and selling of goods. This often creates a better relationship between the wholesaler and retailer. As a result, the wholesaler will often gain more revenue and help retailers for the development of their businesses.



The first sentence is relevant to why wholesalers offer advice to retailers: it is anticipated that the wholesaler will give advice on what the retailer should buy.

The final sentence that the wholesaler will gain more revenue is also relevant.

Total: 2 Marks

Question 2 (f)

Q2(f) was another 'Explain' question, where candidates were asked to explain the importance of packaging to retailers.

There was a variety of responses seen with only a small percentage of the cohort not gaining a mark.

Again, the question does not have to be in context but 1 mark was given for identifying why it was important and a further 2 marks for the linked development.

Care should be taken to ensure that three **different reasons** are not given.

(f) Explain the importance of packaging to retailers.

(3)

Packaging is ^{important} ~~importance~~ because the details about the product is included in the packaging.

Packaging should be able to attract consumers and induce them to buy the certain product.



Here, although there are different sentences they are linked:

- the comment regarding attracting customers
- the packaging has all the details about the product

Total: 2 Marks

(f) Explain the importance of packaging to retailers.

(3)

It helps to protect the products packaged. Therefore, products will be handled much more safely and result in the retailer providing a high quality product to the final customer.



This particular response gains the marks available.

There is reference to:

- protecting the products, which leads to them being
- handled more safely and thus
- provides a quality product for the customer

These are all relevant.

Total: 3 Marks

Question 2 (g)

This was the first question where candidates had to choose between the two types of ownership.

Most candidates understood that they had to justify why they had chosen one option as opposed to the other. Candidates should be careful to avoid giving detailed knowledge of the two options available because there are no knowledge marks for this question.

The 'Justify' questions are marked in the same way as the 'Analyse' questions, but candidates now have to include 'Evaluative' comments (AO4). This question is marked according to a levels-based mark scheme, as in 'Analyse' questions. Candidates do not have to consider both options in their response. They can achieve full marks by only considering the one option.

There was a number of candidates who did not achieve any marks on this question: some gave very detailed knowledge of the two types of ownership, which was not required. There were candidates who confused the two ownerships, which also meant that they did not gain the marks available. The majority of candidates gained a Level 2 mark.

Holders Farmers' Market is a local market in Barbados. It opens every Sunday from 9.00 am until 2.00 pm. Rackel Barber hires a stall each week to sell the fruit and vegetables she grows. She also has a stall at another weekly market. She wants to expand her business by growing additional varieties of fruit and vegetables, but she is working most of the day and has very little free time. She is considering the following two options:

Option 1: to remain a sole trader

Option 2: to take on a partner.

(g) Justify which **one** of these two options Rackel should choose.

(9)

Rackel should consider taking on a partnership

One advantage of taking on a partnership that Rackel will be able to split the workload which will mean she wouldn't have to work from 9 am to 2 am, therefore will have more free time compared to her sole, thus increasing her motivation and satisfaction of working selling the fruits and vegetables she grows.

As Rackel remains a sole trader, she will have very little free time as she would have all the workload which would increase stress, therefore demotivate ^{her} from earning to sell fruits and vegetables in her stall, thus would result in her quitting the farming industry, which could have had a lot of potential.

However by taking on a partnership, Rackel may sometimes get into arguments, and due to

Rachel having different ~~mindset~~ goals, which would delay the expansion of her business, which would result in fewer quantities of fruits and vegetables which would drive consumers away to Rachel's competitors & thus she would lose on gaining revenue, which would lead to profitability of the business, thus not allowing her to grow

(Total for Question 2 = 20 marks)

quality fruits and vegetables
in the long run, which could decrease a customer's satisfaction

TOTAL FOR SECTION A = 40 MARKS

In conclusion, Rachel should consider taking on a partnership compared to remaining as a sole trader as this would allow to raise more capital making the expansion process faster compared to her raising capital as a sole trader.



This is a very thorough response that shows detailed application of knowledge and understanding of whether Rachel should remain as a sole trader or take on a partnership.

To develop the response further, a more detailed justification based on evaluation would have helped.

Level 3

Total: 7 Marks

Holders Farmers' Market is a local market in Barbados. It opens every Sunday from 9.00 am until 2.00 pm. Rachel Barber hires a stall each week to sell the fruit and vegetables she grows. She also has a stall at another weekly market. She wants to expand her business by growing additional varieties of fruit and vegetables, but she is working most of the day and has very little free time. She is considering the following two options:

Option 1: to remain a sole trader

Option 2: to take on a partner.

(g) Justify which **one** of these two options Rachel should choose.

(9)

Option 2 allows Rachel Barber to rely on someone to help her business and since she is working most of the day, her partner can handle the rest of her work for her. Rachel will be able to form a close bond with her partner and this allows her to expand her business faster.

However, a disadvantage may be that Rachel and her partner could miscommunicate and could cause an error in the process of their business. This may affect the products and may make their customers unhappy, their sales would decrease and their business may be in financial danger.

Option 1 can also provide some advantages; such as Independence. Staying as a sole trader allows Rachel to continue working independently and errors such as miscommunication will not jeopardize her business. Rachel may also be allowed to profit all the money by herself and will not have to split her salary with a partner and will benefit by improving the company at her own pace with

her own ideas.



Advice when responding to this type of question is to avoid repeating the information given in the scenario. This wastes time and uses up a number of lines.

This response shows sound application of knowledge with some interconnected points.

Perhaps if the points had been developed further and a detailed evaluation given, this would have helped to achieve a higher level.

Level 2

Total: 5 Marks

Question 3 (c)

Q 3(c) was another 'State' questions: candidates had to relate their response to the scenario.

Fewer than half of the candidates gained the mark available.

Although from the responses seen candidates understood why the staffing costs for SLS may be high, they did not put their response in context. For example, guides carrying out safaris will need to have experience of the land and the animals.

(c) State **one** possible reason why staffing costs for SLS may be high.

(1)

because of the number of days each staff of SLS has to
work



This particular response did not gain the mark available.

Although SLS is mentioned, it is still not in context.

If the response had used 25 days (taken from the scenario) it would have put it in context.

Total: 0 Marks

(c) State **one** possible reason why staffing costs for SLS may be high.

They will have to pay driver and tour guide⁽¹⁾
more if the service lasts for 25 days



This particular response did put the question in context by mentioning the 25 days.

Total: 1 Mark

Question 3 (d)

This was an 'Outline' question, which is similar to a 'State' question: candidates need to put their response in the context of the business.

'Outline' questions are AO2 (Application) questions. To achieve the two marks available, there must be a development in the response as well as it being applied to the scenario of SLS. In most cases, candidates gave a correct response but did not refer to the context.

This question was not well-answered by the cohort, with the majority of candidates not gaining the full two marks available. Again: 'State or Outline' question must use the context of the scenario, which in this instance is SLS, and only using the word is not enough.

(d) Outline **one** likely reason why SLS prefers to purchase goods from local suppliers.

(2)

local suppliers may offer goods at a cheaper
rate which could help SLS to manage its
costs effectively.



The comment about cheaper price is relevant but is not in context and therefore does not gain the mark.

Total: 0 Marks

(d) Outline **one** likely reason why SLS prefers to purchase goods from local suppliers.

(2)

SLS may prefer local suppliers as they are cheaper than international ones. This is due to the fact that local suppliers save on transport costs and currency disparities. SLS ~~at~~ may prefer these cheaper rates as their running costs are high, so cheaper supplies help reduce outward cash flow.



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Examiner Comments

This response gains the two marks available.

There is reference to the difference between local and international suppliers and this is further developed by commenting on transport costs and currency issues.

Total: 2 Marks

Question 3 (e)

Another 'Analyse' question, which tests two of the AOs: AO2 which is 'Application' and AO3 which is 'Analysis'. To be successful, candidates needed to demonstrate both of these skills within their answer.

Candidates were asked to 'Analyse' how SLS could reduce the risk of bad debts. To gain the marks available, candidates needed to apply the information and then analyse.

Unfortunately, candidates tended to describe what bad debts were and then not relate this to SLS. Most candidates gained either a top of Level 1, or the bottom of Level 2, mark.

As mentioned earlier, examiners will:

- look at the response 'holistically'
- decide if the candidate has applied their response to the scenario
- determine if the candidate has analysed the information
- make a decision as to where the response 'best fits' into the levels

Candidates must be aware that there are no marks available for knowledge, and that the response must be in context of SLS.

(e) Analyse how SLS could reduce the risk of bad debts from its clients.

(6)

Bad debts is the loss of money as the customer fails to pay for the goods that they purchased.

SLS can avoid the risk of bad debts from its clients, by completely eliminating ~~the~~ trade credit, where ~~the~~ the customer won't be able to buy goods without paying for them immediately, therefore, this will reduce or prevent any bad debts from its clients.

Furthermore, ~~the~~ SLS can either check the customer / clients (credit rating) / credit worthiness, ~~which~~ to check if the the client is worthy of being given trade credit, trusting / knowing that they will pay back at a later date (within the given time period) by doing so, ~~the~~ SLS can choose, ~~to~~ to only offer trade credit to certain people that they trust. or ~~they~~ ^{SLS} can ~~kind~~ ^{only allow} ~~for~~ ~~the~~ ~~order~~ the cheapest trip / safari to the clients who want trade credit, therefore even if the client fails to pay, ~~they~~ ^{SLS} will not lose ~~a~~ a lot of sales / profit.



This response shows sound application of knowledge, with reference to checking the credit score of the client and ascertaining that they are able to pay.

The first lines do rephrase the question. There are interconnected points regarding clients paying for their goods or not being able to.

Level 2

Total: 4 Marks

(e) Analyse how SLS could reduce the risk of bad debts from its clients.

(6)

SLS can sell their Invoices that were issued to their clients and from that they can obtain fund to cover the loss ~~that~~ and expense to SLS to The business. Clients may not pay the sufficient amount for trips they took through SLS, ~~and~~ ^{as} all safaris are sold at a high price causing more bad debts to ~~oc~~ occur. This would ~~an~~ increase cashflow and covers bad debt to SLS.

SLS can provide ~~extra services to pro~~ a wider range of payment methods. This would allow tourists to pay SLS ~~service~~ Safari tours with different payment methods. They could also provide offers and promotions for the Safari tours as when it's cheaper more tourists are more likely to visit and use SLS for tours, this would increase sales and profit to SLS covering and reducing bad debts for SLS



This response reaches Level 3.

The candidate mentions that the invoices could be sold to someone else for them to collect the debt, which is a possibility.

The best reference is to providing a wider range of payment methods, which is realistic.

Further analysis of the comment made shows detailed application of knowledge and understanding.

Level 3

Total: 5 Marks

Question 3 (f)

Q3(f) is a second option question where candidates have to justify which one of the two options would be more suitable for SLS.

As in Q2, many candidates described both options of either having a desk in large hotels or developing the website further. There are no knowledge marks available for this type of question.

From the responses seen, a number of candidates confused the two options, which was a great pity. Candidates should be encouraged to 'Apply, Analyse and Evaluate' either one or two of the options, to enable them to gain the higher level marks. Most candidates gained a Level 2 mark, with only a small number gaining a Level 3 mark.

It may help some candidates gain the higher level if they were to give evaluative comments as to the chosen option and why it would be more suitable.

In recent years SLS has increased its sales from both local and foreign tourists. To increase the opportunities for customers to discuss and then book more specialised tours SLS is considering the following two options:

Option 1: have desks in several large hotels in Sri Lanka where tourists can discuss and then book safari tours

Option 2: improve the website by giving a wider variety of options for safari tours from which customers can choose.

(f) Justify which **one** of these two options SLS should choose.

(9)

As per my opinion i would suggest to improve the website by giving a wider variety of options for safari tours from which customers can choose. Because SLS has sales also outside Sri Lanka so those that live outside Sri Lanka will now be able to get more details of the tourist company at any time they want since it is online. Therefore the tourists outside Sri Lanka can now communicate more freely with the company before even they come Sri Lanka. Which will have gain more trust for customers with their company as a result more sales. As the company now have wider variety for safaris means the customers will have more options to choose from therefore they can select what is best for them and foreign tourists can even book before coming. which will increase sales. By having wider variety new customers will get attracted to the company and will have what they want therefore more sales and more advertise for the business. However through websites some customers might have some communication issues. Which will lead them not to choose this tour company.



This response gives sound application of knowledge of improving the website and how this could benefit customers.

There are some interconnected points and logical chains of reasoning, with limited judgements made.

Level 2

Total: 6 Marks

In recent years SLS has increased its sales from both local and foreign tourists. To increase the opportunities for customers to discuss and then book more specialised tours SLS is considering the following two options:

Option 1: have desks in several large hotels in Sri Lanka where tourists can discuss and then book safari tours

Option 2: improve the website by giving a wider variety of options for safari tours from which customers can choose.

(f) Justify which **one** of these two options SLS should choose.

(9)

In my opinion if there are desks in large hotels then, tourists can go and ask all the details personally from the particular person so then the tourists can get more knowledge of SLS, tourists can look at videos etc. and get convinced to go on the safaris and adventures.

hence, there might be some bad things too, the tourist might get angry as there might not be good staff at the desks, they might act strange and then SLS might lose customers because of that, so then SLS needs to get all of that correct and make a proper decision.

In conclusion, I would prefer option 1 as its more suitable to book a tour 1 on 1 and it will benefit SLS in many ways.



ResultsPlus
Examiner Comments

This response looks at the option of having desks in larger hotels and applies knowledge about customers being able to ask questions and gain further detail.

However, the reference to poor service is irrelevant. There is some sound knowledge of application but there are no chains of reasoning.

Level 2

Total: 4 Marks

Question 4 (a)

Q4(a) was another calculation question and as previously, candidates should be encouraged to show their workings on all calculation questions. They are able to gain a mark for showing their working, even if the actual answer written in the box is incorrect.

Candidates should also be encouraged to ensure that they write their answer on the dotted lines at the bottom of the box, so that the examiners are clear as to what their answer is.

It is worth reiterating to candidates that they should take care to ensure that their figures are easily recognisable, to avoid any confusion by the examiner.

This question was well-answered by candidates and the majority were able to gain the two marks available.

(a) Calculate the discounted price of a sofa originally selling for £999.00

You are advised to show your working.

(2)

$$\begin{aligned} &£999 \times 33\% \\ &= 329.67 \end{aligned}$$

£...329.67.....



This particular response only gains one mark because only the first part of the calculation, the discount off the sofa, has been completed.

Total: 1 Mark

(a) Calculate the discounted price of a sofa originally selling for £999.00

You are advised to show your working.

(2)

Handwritten student work:

$$\begin{aligned} 100\% &= 999 \\ 33\% &= ? \\ \frac{33 \times 999}{100} &= 329.67 \\ \begin{array}{r} 999.00 \\ - 329.67 \\ \hline 669.33 \end{array} \end{aligned}$$

£...669.33.....



This particular response shows the candidate's working out and the answer is written on the dotted lines.

Total: 2 Marks

Question 4 (b)

Most candidates did not gain any marks on this particular question, the topic of endorsements on an insurance policy.

As previously mentioned, and in the 'Getting Started Booklet' page 32, 'Analyse' questions are looking for application and analysis of why NEXT may have needed to have an endorsement on its insurance policy.

Candidates needed to give a clear understanding of the purpose of endorsements. This part of the specification has not been tested in previous series'.

Reminder: 'Analyse' questions are looking for 'Application' and 'Analysis' with no knowledge.

(b) Analyse the purpose of endorsements on an insurance policy taken out by Next.

(6)

Insurance endorsements ~~serve~~ serve a variety of purposes as it allows the insured to make changes to the policy.

Taking out insurance endorsement will allow ~~the~~ ~~the~~ ~~next~~ ~~to~~ 'Next' to make changes to the insurance policy like changing the names of the employees who have left ~~a~~ the company and the new employees who have joined.

'Next' can also reduce ~~the~~ the amount of premiums they have to pay to the insurance company if they remove some unwanted clauses.

'Next' can also add clauses to the insurance policy if it decides to market new products or transport motor insurance for ~~ta~~ transport services. "Next continues to improve its customer service by introducing new initiatives such as next day delivery".



This particular response shows sound application of knowledge, that NEXT might want to change its policy because members of staff had left the company.

Another point made concerns regarding wanting to reduce the premium if there are clauses that are not now needed.

Both are relevant to wanting to change the insurance policy.

Each point made was developed but not in sufficient detail to gain the higher level.

Level 2

Total: 4 Marks

(b) Analyse the purpose of endorsements on an insurance policy taken out by Next.

(6)

endorsement will help the insured to be covered added insurance policy. Since Next improving their customer services they engage a lot, that wasn't part of what they were doing before. ~~Introduc~~

Introducing new initiatives such as next day delivery they need to have vans and drivers both need to be insured the acquire the insurance policy for it.

Next deals with a lot to ~~increase~~ improve its customer services they have a lot of risk taking and the purpose of endorsements has to be window for them everytime they add new aspect.



There is very little application in this response.

The comment regarding new delivery vans and that they need to be insured is relevant, and that there are often many changes to the way they trade, means that they need to make changes.

Level 1

Total: 2 Marks

Question 4 (c)

This question is marked in exactly the same way as the 'Analyse' and 'Justify' questions. It is worth pointing out to candidates that this question does carry the most marks and they should allow sufficient time to answer it, with all four of the Assessment Objectives being covered:

- AO1 – Knowledge
- AO2 – Application
- AO3 – Analysis
- AO4 – Evaluation

A number of candidates only completed a few lines and therefore this limited them to the number of marks they were able to gain.

Some candidates used bullet points or numbered format: this also did not allow them to gain the higher levels marks, because they may not have 'Analysed' or 'Evaluated' the points made.

Candidates were asked to evaluate the types of business risks NEXT would have to consider when taking out insurance on its stores. A variety of valid comments was made by candidates, such as theft and fire. However, they then did not develop these points, nor justify their decisions, to gain the higher level marks. Most candidates gained some marks on this question, with only a small number that did not.

(c) Evaluate the types of business risks Next would have to consider when taking out insurance on its stores/shops. You should use the information provided and your own knowledge of commerce in your answer.

Fidelity guarantee - dishonest
Employers liability - (12)
Public liability
Fire, theft

Next, is a multinational co-operation because it is based in over 70 countries. Considering the amount of branches and employees it may have the amount of risks that can occur are infinite and controlling this large co-operation ~~may~~^{can} be difficult

An insurance policy can be taken to assure the owners that in case a risk does occur they will receive the compensation.

Fire and theft are the most common business risks and an insurance cover should be taken in case the risk does occur and there is damage to goods the Next will not suffer because the loss will be compensated for

43,000 employees are way too many to be known at a personal level so the chances of having dishonest and fraudulent employees are high and thus Next should take the Fidelity guarantee policy to have confidence in employing new people and compensation is received when employees are dishonest

An employee may get injured during the process of making the clothes that are being sold and this might arise many problems and thus an Employers Liability cover should be taken to protect Next.

However, taking this many covers will cost Next quite some money, it is important because many incidents can occur to employees and the general public and that would cost Next much more money than the annual premiums that are to be payed to the insurance company



Again, in this particular response the candidate has repeated information from the scenario, which is not credited.

Candidates should be encouraged to avoid doing this, because it is wasting valuable time and space.

Reference is made to fire and theft, which demonstrates mostly accurate knowledge and understanding.

There is some sound application of knowledge with regard to its employees if they are not always truthful and honest.

However, there was no development of the purposes or chains of reasoning to move the response higher up the level.

Level 2

Total: 6 Marks

(c) Evaluate the types of business risks Next would have to consider when taking out insurance on its stores/shops. You should use the information provided and your own knowledge of commerce in your answer.

(12)

Next would have to take insurance so that if any theft action occurs in its shops and its products such as flowers and furniture may get stolen they can be recovered, this is done by insurance company compensating the items that have been stolen by the thief and NEXT receiving them back, which will prevent NEXT from facing financial loss by them being in the same position before the occurrence of theft.

However, there may be no theft taking place, as NEXT may have security guards that are protecting the stores and shops that contain clothes and sofas and other items, in which the security guard takes care of these shops, which will lead to no use of insurance taking against theft and increasing cost for NEXT by paying high premiums when no theft occurs.

Next would have to take insurance against breaking of glass occurrence of fires against their stores and shops, because due to shorts in the stores or shops a fire may occur and lead to

burning of sofas, furniture and clothes and insurance company can help the NEXT by compensating new sofas, furnitures and clothes and renovation of the stores and shops. Which will lead in reducing in costs for NEXT company.

However chances of fire break outs are very rare and do not really happen, because the fire electrical components may be checked by NEXT when opening the new shops and stores which may have no electrical issues before and thus leading to no fire breakouts and loss of furniture, sofas and clothings etc.



ResultsPlus
Examiner Comments

This is a well-developed response demonstrating accurate knowledge and understanding of the various commercial concepts with regard to insurance.

However, there were limited interconnecting points.

To gain the top of a Level 3 the response should include interconnected points with logical chains of reasons together with a well-reasoned conclusion.

Level 3

Total: 10 marks

Paper Summary

Based on their performance in this series candidates are offered the following advice:

- It is important that candidates take into account the marks allocated for each question. This gives guidance on the amount of detail needed to answer the questions
- Avoid wasting time by repeating the question in the response
- Understand the importance of including context in 'State' and 'Outline' questions, not merely including the name of the scenario
- All questions are marked according to the AOs that they are designed to test. The AOs are associated with the command word that is used in the question

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