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FOREWORD

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

COMMERCE

GCE Ordinary Level

Paper 7100/01

Paper 1

General comments

Candidate performance in this examination was variable. There were many very good candidates whose standard of work overall was pleasing and who were able to demonstrate sound commercial knowledge. They wrote at length and in detail and were able to express themselves very clearly. They applied their knowledge to the questions chosen and related their understanding of commercial subjects to the scenarios set in the questions.

Weaker candidates tended to write in vague terms showing superficial understanding of the topics chosen. They often did not answer the questions as set or omitted parts of their chosen questions.

Performance varied from Centre to Centre with several Centres achieving very commendable results, showing that their candidates had been carefully taught and well prepared for this examination. Other Centres who presented candidates with a very limited command of English, submitted work of a very poor standard, often very well presented, but usually unintelligible.

Candidates often illustrated their answers with relevant local examples of commercial practice. They made good use of commercial terminology and showed confidence in dealing with the calculations set in some questions. Candidates usually expressed themselves clearly and their answers were well laid out. Many candidates had a sound command of English and there was accurate spelling and correct use of paragraphs.

Few candidates disobeyed the rubric and wrote answers to more than the five questions required. Most candidates had adequate time to answer the five questions required.

Many candidates still need more practice in examination technique. They tended to write at length when statements or words were required and did not always present developed answers where there was a higher mark tariff. Candidates should look at the words which begin questions in relation to the mark allocations for those questions. If a question says "State" or "Identify" such as in **Question 1 (a)** and **(b)(i)** it means that a short answer is required and the answer is usually worth one mark. Many candidates wrote paragraphs for these answers and so wasted time. If a question requires a candidate "To explain" (e.g. **Question 2 (a)(ii)** and **Question 6 (b)**) there needs to be a more developed answer and there will be a greater mark allocation. It is, however, noticeable that very good candidates paid attention to the command words of the questions and so adjusted their responses to the parts of the questions far more appropriately, often earning all the marks.

Most questions attracted a large number of responses but **Question 3** was noticeably less popular than the other nine questions.

Comments on specific questions

Question 1

This was a frequent choice. Candidates were usually able to identify the three stages of production but, as has already been said, often wrote at length rather than stating the three stages. In part **(b)(i)** some candidates thought that Box D was the retailer rather than the customer/client/buyer. Answers to part **(b)(ii)** were often thoughtful and well argued but marks were often lost in parts **(c)** and **(d)** because candidates were unable to contextualise their answers to furniture production. Some candidates repeated their comments on transport in part **(d)** or, wrongly, considered home and foreign trade as aids to trade.

Question 2

Candidates with little experience of supermarkets struggled with this question. Many candidates were able to identify two characteristics of supermarkets such as large size, self service and variety of goods. Many wrote detailed and well argued answers to part **(a)(ii)** to show why supermarkets have grown in importance in recent years. They commented on lower prices, variety of goods, facilities offered with many examples, self service, speed of shopping and the changing lifestyles of many consumers with weekly/monthly shopping becoming the norm in many parts of the world. In part **(b)** many candidates wrote about personal service, informal credit, location of small shops, longer opening times and providing speciality services as reasons for the survival of many small shops. On the other hand, some candidates interpreted these shops as being shops selling cooked food and some credit was given for this approach.

Question 3

Most candidates did not choose this question, probably because they had little knowledge of debit cards and leasing. Some very good answers were received with an accurate distinction being drawn between debit and credit cards and good reasoning about the disadvantages of not accepting credit cards.

Part **(b)** was the easiest part of this question and many candidates scored full marks mentioning payments, statements, overdrafts and the deposit of funds.

In part **(c)(i)** some candidates struggled to identify the benefits of purchasing the refrigerator - ownership, control, flexibility of use, and of leasing - repair and maintenance might be included in the agreement, spreading payments, returning the refrigerator when not needed, being able to update it. On the other hand, answers to part **(c)(ii)** were usually accurately presented.

Question 4

This popular question produced some very good answers but also some rather vague attempts. Some candidates unfortunately gave the advantages of advertising in part **(a)** but many candidates scored full marks for this section. Impulse buying and adding to cost were the most usual disadvantages given for the consumer. Overspending on ineffective advertising and the difficulties of competitive advertising were often given for the advertiser. In part **(b)** most candidates mentioned only that newspapers were the cheapest means and that they were purchased by many people. Very few wrote about newspapers providing detailed information or being kept for reference. As regards television advertising, many candidates mentioned this is a mass medium and that it could provide sound and visual impact. Some candidates omitted all reference to the leaflets.

Only the strongest candidates achieved maximum marks for part **(c)** where some marks were allowed for reasons why advertising agencies are used. Some candidates had been well schooled for this topic and were able to identify the various departments of an advertising agency such as the Media Department and the Creative Department. Many mentioned an advertising budget.

Question 5

Some candidates forgot that there is sea between South Africa and Europe and chose roads, canals and railways out of context. Others opted for air and sea transport with sound reasoning. It should be remembered that for any perishable cargo to be taken by sea, it will need refrigeration and containerisation. Road transport was allowed for taking the tomatoes to the airport and for delivery in Europe to customers.

Several documents were given in answers to part **(b)**. The bill of lading and the air waybill were the most popular choices but documents such as the indent, the invoice, the certificate of origin, the delivery note/consignment note, the dock warrant, the shipping note and the bill of exchange were also allowed. The main documents of home trade such as the credit note and the statement of account were not given credit.

In part **(c)** some candidates did not explain three reasons why it is easier to sell in the home market rather than in the European market and tended to offer one overall comment on reduced costs. Others gave detailed reasoning about distances, currency, methods of payment, language, documentation and import duties.

Question 6

In part **(a)** most candidates were able to give two advantages of owning your own business. Any lack of marks was usually due to failure to explain an advantage. A wide range of answers was accepted for part **(b)**. The most frequently given ways were taking a partner, obtaining a bank loan and forming a private limited company. Other answers accepted included government grants, ploughing back profits, diversifying into other products, opening other outlets in different areas and more advertising. It may be wondered why some of these non-financial ways were accepted but there was no mention in the question that Mrs Annoh was short of finance.

Answers to part **(c)** were often disappointing, e.g. speed, also applicable to landline telephones which could not be given credit. Answers that were given credit included the use of mobile phones anywhere, especially when travelling, in other countries, for emergencies, their portability and their ability to provide other services such as text messaging and voicemail.

Many candidates could not name two Post Office services or gave two methods of communication such as fax and telex. Other candidates tried to describe mail order. Candidates who described express delivery, recorded delivery, registered post or gave letter post/airmail for giving information on sending the phones often gained full marks.

Question 7

Most candidates gained both marks in part **(a)**. Turnover rather than sales less returns or the income received from selling the goods was often mentioned in part **(b)(i)**. Many correct definitions of net profit were received but candidates often failed to show why it is important, confining themselves instead to mentioning net profit as the purpose of the business. Better candidates mentioned its use for reserves, to cover future losses and to pay dividends.

Part **(c)** presented no problems and the Own Figure Rule from part **(a)** was allowed. Many candidates lost marks in part **(d)** for failing to explain their answers. They often wrote about reducing expenses or increasing sales but failed to say how these measures would be achieved. The question asked for an explanation for four marks and two statements earned only two marks. Part **(d)** was very poorly answered by many candidates. The advantages of both private and public limited companies were allowed. Candidates should remember that limited liability relates to the shareholders rather than the company. Again developed answers were required.

Question 8

Many candidates scored well on this question. They were able to identify three different methods of payment with appropriate reasons in part **(a)**. Trade discount was well understood in part **(b)(i)** and not too frequently confused with cash discount in part **(b)(iii)**. The calculation produced some accurate, very clearly set out answers and was worked either on an individual shirt or for the 100 shirts purchased. Again the Own Figure Rule was applied.

Question 9

A mixed response to this insurance question was received. Candidates were able to explain why insurance was important to Mr Joseph in part **(a)** and to identify two insurance risks applicable to the factory in part **(b)**. Some candidates lost marks for failing to identify the context of the question in part **(b)**. Part **(c)** proved too difficult for many candidates who seemed to think that employer's liability insurance was to cover accidents to the employer rather than to cover claims made by employees because of the negligence of the employer. Some candidates also thought that public liability insurance was to cover the factory against financial losses. Public liability insurance covers claims made by the general public because of injuries caused to them by the business or damage to their property. Part **(d)** gave candidates an opportunity to score marks on the insurance principles but some answers failed to comment on these two insurance principles in the context of the factory and so lost marks for inappropriate examples. Some candidates wrote at length about contribution and/or subrogation in part **(d)(ii)** but very little credit was given for this.

Question 10

Parts of this question differentiated between the candidate with an overall and specific knowledge and understanding of the purposes of warehousing and those who could write generally about the purposes of warehouses. Most candidates produced three advantages for the storage of goods in part **(a)(i)** but many confused seasonal production i.e. production at certain times of the year with seasonal demand. Instead of writing about the storage of products such as food to provide a constant supply, many candidates wrote about products produced all the year round but required only at certain times of the year e.g. umbrellas, blankets. In part **(b)** many candidates failed to link the purchasing policies of large scale retailers to *small* storage areas on their premises. They wrote erroneously about bulk purchasing from manufacturers to obtain discounts but failed to appreciate that large scale retailers often have retail distribution centres away from shop premises supplying a number of branches. Large scale retailers often have perishables delivered straight to the shop shelves or may operate a Just In Time form of stock control. The better candidates appreciated the need to satisfy constant demand, the high cost of rents in shopping areas and so having the maximum display area rather than using the premises for storage.

Part **(c)** was well understood by many candidates who appreciated that containers can act as small warehouses, reducing theft/damage, needing less handling and can also speed up the delivery of goods. It was also pleasing to note that comment on bonded warehouses in part **(d)** and the distinctions drawn between these warehouses and other types of warehouses were often accurate and usually well written.