

COMMERCE

Paper 7100/11
Multiple Choice 11

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

The multiple choice paper set consisted of 40 4-option items with some questions involving pictorial or diagrammatic data and some requiring candidates to undertake calculations.

The mean was 26.654 with a standard deviation of 4.480. The statistics could be misleading as there were only 26 candidates. No candidate scored below 15 marks and the highest mark was 33.

Candidates found the following questions relatively easy and all candidates answered them correctly – **Questions 4 and 7**. Most candidates were able to answer the following **Questions: 1, 2, 3, 6, 9, 11, 14, 17, 22, 23, and 34**.

Some of the items that included pictures, diagrams or data were accurately answered such as **Question 2, Question 3, Question 6 and Question 17**. In **Question 19** a number of candidates chose Option A instead of Option B, the correct answer. In **Question 33** there was an element of guessing with some candidates choosing each of the four options. In **Question 37** Option D attracted several answers instead of Option A, the correct answer. **Question 40** on working capital proved difficult with more candidates choosing Option A instead of Option B, the correct answer.

Candidates found some questions particularly difficult. In **Question 10** the majority of candidates selected the correct answer, Option C but several chose Options A and B. Again in **Question 12** each option attracted some answers although the majority selected Option A, the correct answer. The calculation in **Question 16** caused problems with a large number selecting Option B instead of Option C. Mark-up was not understood. The term, trading bloc in **Question 18** was not always understood with all options attracting some answers. Option A was the correct answer. A number of candidates thought that Option C was the correct answer in **Question 20**. Again all options attracted some responses in **Question 21**.

In **Question 24**, Option B attracted as many responses as Option D, the correct answer. Candidates failed to see the phrase 'postal service' in the stem. Many thought that a bulk carrier enabled vehicles to drive on and drive off the ship instead of Option D in **Question 25**. Candidates still think that port and airport authorities, **Question 26**, collect customs duties. Option D was the correct answer. Option B attracted several responses in **Question 28**. Candidates may have missed the word 'importing' in the stem. In **Question 29**, 'compensation' - Option A - was confused with the concept of pooling of risk, the correct answer in Option C.

In **Question 31** many candidates chose Option D instead of Option C, the correct answer. **Question 32** caused problems with more candidates selecting Option A or Option B than the correct answer, Option D. The bank service, credit transfer, is not understood. Candidates found **Question 35** difficult with all options attracting some responses. Candidates failed to appreciate that the business was selling books on the Internet and so nearness to customers was not valid. Option B was the correct answer but a minority of candidates chose this answer. Option C was frequently chosen in **Question 36** but Option B was the correct answer. Hire purchase is a form of credit and so Option B was an incorrect answer to **Question 38**. Leasing was the correct answer but only a minority answered this question correctly.

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Paper 7100/12
Multiple Choice 12

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

The multiple choice paper consisted of 40 4-option items with some questions involving pictorial or diagrammatic data and some requiring candidates to undertake calculations.

The mean was 28.691 with a standard deviation of 5.162. No candidate scored below 10 marks and one candidate scored full marks.

Candidates found the following questions relatively easy, **Question 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 18, 19, 21, 24, 26, 27, 29, 31, 35** and **40**.

Some of the items that included pictures, diagrams or data were accurately answered such as **Questions 1, 3, 4, 14, 18** and **35**. In **Question 20** a number of candidates chose Option A instead of Option B, the correct answer. In **Question 34** there was an element of guessing with some candidates choosing each of the four options. In **Question 38** on working capital, Option A attracted several answers instead of Option B, the correct answer.

Candidates found some questions more demanding. In **Question 9** the majority of candidates selected the correct answer, Option C but several chose Options A and B. In **Question 16** many confused the delivery note with the advice note and so wrongly chose Option B instead of Option A. In **Question 17** several candidates wrongly chose Option C. In **Question 22** Options B and C were often chosen. Perhaps the negative in the question caused problems. Option A was the correct answer.

In **Question 23**, Option B attracted many responses. Candidates may have failed to see the phrase 'postal service' in the stem. Candidates still think that port and airport authorities, **Question 25**, collect customs duties. Option D was the correct answer. Each option attracted some answers in **Question 28** but Option B was the correct answer. In **Question 30**, 'compensation' - Option A - was confused with the concept of pooling of risk, the correct answer in Option C.

In **Question 32** many candidates chose Option D instead of Option C, the correct answer. **Question 33** caused problems with many candidates selecting Option A or Option B rather than the correct answer, Option D. The bank service, credit transfer, is obviously not understood. Candidates found **Question 36** difficult with all options attracting some responses. Candidates failed to appreciate that the business was selling books on the Internet and so nearness to customers was not valid. Option B was the correct answer. Option C was frequently chosen in **Question 37** but Option B was the correct answer. All options in **Question 39** attracted answers showing that there was an element of guessing. 'Leasing' was the correct answer but only a minority answered this question correctly with more candidates choosing Option D, the overdraft instead.

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Paper 7100/13
Multiple Choice 13

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

The multiple choice paper set consisted of 40 4-option items with some questions involving pictorial or diagrammatic data and some requiring candidates to undertake calculations.

The mean was 23.156 with a standard deviation of 4.685. The statistics could be misleading as there were only 122 candidates. No candidate scored below 12 marks and the highest mark was 34.

Candidates found the following questions relatively easy: **Question 1, 2, 4, 5, 6, 7, 9, 19, 22, 25 and 28.**

Some of the items that included pictures, diagrams or numerical data were accurately answered such as **Question 1, Question 2, Question 5, Question 15, Question 19 and Question 36.** Others caused difficulty. In **Question 17** a number of candidates chose Option A instead of Option B, the correct answer. In **Question 31** there was an element of guessing with some candidates choosing each of the four options. **Question 39** on working capital was not understood with more candidates choosing Option A instead of Option B, the correct answer.

Candidates found some questions particularly difficult. In **Question 10** on consumer protection, all options attracted responses with more candidates selecting Options A, B or D than Option C, the correct answer. In **Question 11** again there was an element of guessing with all Options attracting some responses. In **Question 12** Option B was chosen by some candidates.

In **Question 14** Option B was a popular incorrect choice showing confusion between the purposes of the delivery note and the advice note. Option A was the correct answer. In **Question 18**, Option C was a more popular choice than Option A, the correct answer. Candidates had not realised that the business would meet import regulations in potential markets.

The term, trading bloc in **Question 20** was not always understood with all options attracting some answers. Option A was the correct answer. Again all options attracted some responses in **Question 21** with more candidates choosing Option B and C than A, the correct answer. Perhaps the use of the negative in the question confused candidates.

Candidates still think that airport authorities and, port authorities, as shown in **Question 26**, collect customs duties. Option D was the correct answer. In **Question 30** compensation in Option A was confused with the concept of pooling of risk, the correct answer in Option C. In **Question 33** many candidates chose Option D instead of Option C, the correct answer. **Question 34** caused problems with an element of guessing shown by candidate responses to all Options. The bank service, credit transfer, is not understood.

Candidates found **Question 35** difficult with more candidates selecting Option C than Option B. If there is no partnership deed, profits are shared equally. In **Question 37** all options attracted some responses. Candidates failed to appreciate that the business was selling books on the Internet and so nearness to customers was not a valid answer. Again candidates had difficulty with **Question 38**. All options attracted responses indicating a lack of knowledge of bank loans. 'Leasing' was the correct answer to **Question 40** but only a minority answered this question correctly. Methods of obtaining credit were not generally known.

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Paper 7100/21

Written 21

General comments

Candidates are required to answer four questions from a choice of eight in Paper 2. Many of the questions covered more than one topic from the syllabus. The standard of work was impressive with the candidates from some Centres producing work of a very high standard and some candidates gaining full or nearly full marks. Many candidates showed good commercial knowledge and an ability to develop an answer in the context of a particular scenario. These candidates presented thoughtful answers, were able to follow the rubric of the question and to make reasoned judgements and recommendations. They often achieved full marks in the Levels of Response questions that carry a higher mark tariff than other questions. Weaker candidates did not always answer the questions set, omitted parts of questions, failed to use all the marks for a part question and presented very brief answers.

Most questions were accessible to candidates. The structured questions and data response questions contained some easy parts e.g. 1 (a), 2 (a), 3 (d), 4 (a), 5 (a), 6 (a), 7 (b) and 8 (b) but there were also subsections in each question that were more testing e.g. 1 (b) (ii), 2 (f), 3 (c), 4 (d), 5 (e), 6 (b), 7 (c) and 8 (c) (ii) and (iii). Most of these questions carried a higher mark tariff than the easier questions.

Many of the candidates paid attention to the command words or key words of the questions and to the mark allocations for the part questions. This enabled them not to waste time on writing at length when only one or two marks were offered. Some parts of some questions were marked according to Levels of Response e.g. 2 (f), 3 (c), 4 (b), 5 (e), 6 (b), and 8 (c) (iii). The part questions with the highest mark tariff were usually marked in this way. Those candidates who wrote developed answers and those who were able to give reasons for their opinions were able to gain top level marks. Candidates who presented lists for these questions remained in Level 1. It should be remembered that it is not enough to present a list of points, it is important to develop points – to say why something is important or why something is the better choice. If candidates offer some argument in their answers, consider all the options mentioned and follow the rubric of the question they will then achieve a higher level and so more marks. These questions did, however, differentiate between the high achievers and the weaker candidates.

Some candidates attempted more than the four questions required. The scripts were generally well presented but some candidates' work was very difficult to read often because the pen used was pale blue or because the writing was very small.

The most popular questions were **Questions 1, 2, 4 and 6**. Few candidates chose to answer **Question 7**, mostly about insurance.

Comments on specific questions

Question 1

Most candidates scored both marks in Part (a). Although many candidates scored full marks in Part (b), candidates often failed to comment on distance and the fact that rail and road would not be usable. The work of port authorities is not always understood. Many candidates confuse port authorities with customs authorities and so write about collecting duties and enforcing quotas and score no marks. It was, however, pleasing to note that many candidates scored full marks relating their answers to the context of handling iron ore. No marks were allowed for warehousing the ore or the use of bonded warehouses. Part (c) proved to be easy for most candidates. The main problem was confusing teleconferencing with videoconferencing in Part (c) (ii) and commenting on the ability to see the others at the meeting. In Part (d) candidates often failed to appreciate that the mining company was using the Internet and tended to write from the point of view of a retailer offering online shopping.

Question 2

Most answers to Part **(a)** were related to the data given. In Part **(b) (i)** most candidates concentrated on the point that there was no need to carry cash. A wide range of answers was seen to Part **(b) (ii)** with few candidates mentioning that Kumar was a cash and carry wholesaler and so would only accept cash or debit cards. Part **(c)** was usually answered correctly and answers to Part **(d)** showed good understanding of the need to clear stock to make way for newer stock and to release capital tied up in stock. Although candidates understood the purposes of warehouses, the Part **(e)** asked for three purposes related to Kumar Wholesalers and this was ignored by the majority of candidates. It is important that for questions like this, the answers are in the context of the question. Otherwise marks are lost e.g. a warehouse is used to store goods (1 mark), the warehouse would be used to store Kumar's electrical goods (2 marks). Many candidates mentioned seasonal goods. This was not relevant unless related to heaters in winter or air-conditioning in summer. Many candidates were able to produce a reasoned argument in answer to Part **(f)** and consider both the functions of the wholesaler and also the reasons for the success of large-scale retailers but weaker candidates seemed to think that small-scale retailers purchased from large-scale retailers instead of wholesalers.

Question 3

The calculations in Part **(a)** were usually accurate with working shown. In Part **(b)** many answers were brief and confined to lack of immediate cash and the need to borrow. Better candidates were able to comment on the need to make further expensive purchases and good deals offered by the seller. Many answers to Part **(c)** listed several methods of finance without indicating which was recommended and why. Some answers gave sources of finance more suited to a business such as shares and debentures. Some candidates suggested Hire Purchase, but this was not acceptable and could have been another alternative to Plan B. Some candidates mentioned the fact that Plan A was financially more advantageous even if interest was paid on a loan. Part **(d)** was usually well answered with mention of guarantees and warranties but some candidates still think that the first action should be to sue the retailer rather than return the goods to the seller.

Question 4

Division of labour was accurately defined in Part **(a)**. Answers to Part **(b)** were disappointing because candidates failed to read the question carefully. The question related to the employees of a clothing manufacturer not to the manufacturer himself and so many answers, although well argued, were off the point. Both parts of Part **(c)** were well answered but full marks cannot be gained for reverse arguments for advantages and disadvantages e.g. good quality and poor quality. Many candidates were able to transfer their knowledge of specialisation from factories and the workforce to specialisation by countries in Part **(d)**. Sound knowledge of the theory of comparative advantage was shown by many candidates who presented reasoned answers, often with examples, to show the importance of specialisation by countries to international trade.

Question 5

Calculations in Part **(a)** were usually accurate. Candidates were able to identify advantages of operating a franchise in Part **(b)** and show ways in which the franchisor helps the franchisee in Part **(c)**. Part **(d)** posed a problem to many candidates who failed to answer the question in the context of Galaxy Petroleum and moving petroleum by road or rail. Candidates often gave a comparison of road and rail or wrote about moving goods by road or rail or gave the features of road and rail transport. Answers that attracted full marks considered cost or urgency or quantity to be moved or safety in the context of moving oil and petrol by either road or railway. Part **(e)** also proved to be demanding. Candidates were expected to discuss the importance of both importing and exporting to the country in which Galaxy is located. Good answers considered the concept of added value and commented on the effects on the Balance of Trade of Galaxy Petroleum's activities.

Question 6

Most candidates were able to show why shoppers use supermarkets in Part **(a)**. Answers considered self service, variety of goods, additional facilities and one-stop shopping. Nearness to customers was the popular choice in Part **(b)** but well justified arguments for each of the other two options were also seen and given good marks. Many candidates were able to show why Realbuy used both persuasive and informative advertising but only the better answers mentioned the need for Realbuy to convince shoppers that the new supermarket would be better than the one they were using. In Part **(d)** a wide range of answers was accepted. Many candidates lost marks by writing about advertising media. Acceptable answers included offers, competitions, delivery service, credit, pricing strategies, loss leaders, loyalty cards and sponsorship of events.

Question 7

In Part **(a)** some candidates related their answers to insurance rather than considering some of the features of a public limited company. The insurance policy was usually understood in Part **(b) (i)** and candidates could identify a risk in Part **(b) (ii)**. Part **(c)** proved to be more difficult. An understanding of public liability insurance was required in Part **(c) (i)** and the fact that most insurance policies carry an excess was tested in Part **(c) (ii)**. Some interesting answers were seen to Part **(d)**. Candidates mentioned different kinds of houses, more valuable contents, areas of higher risk and greater cover required. The insurance principles that applied were usually identified correctly in Part **(e)** and candidates were able to present worthwhile comment as to why neither claim would be met.

Question 8

Questions on added value often present problems to candidates. Candidates often scored both marks in Part **(a)** and identified various processes involved in making shoes. Online shopping was well understood by candidates in Part **(b)**. In Part **(c) (i)** trade discount was often described as cash discount or candidates failed to show that it is offered by one trader to another. Many correct answers to seen to Part **(c) (ii)** but candidates often lost one mark by failing to add the two net profit figures together to show the total net profit. Some well argued answers, often using the figures already calculated, were seen to Part **(c) (iii)** with many candidates showing with reasons why Mustapha Ltd should continue to sell both to the shoe shops and also online. Some candidates, however assumed, mistakenly, that Mustapha Ltd owned the shoe shops. Many candidates also failed to appreciate that it was necessary to allow the shoe shops to make a profit or that it might be necessary to spread risk. Answers to Part **(d)** were usually accurate with some candidates calculating how much the credit note would be issued for and many mentioning that the debt would be reduced.

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Paper 7100/22

Written 22

General comments

Candidates are required to answer four questions from a choice of eight in Paper 2. Many of the questions covered more than one topic from the syllabus. The standard of work was impressive with the candidates from some Centres producing work of a very high standard and some candidates gaining full or nearly full marks. Many candidates showed good commercial knowledge and an ability to develop an answer in the context of a particular scenario. These candidates presented thoughtful answers, were able to follow the rubric of the question and to make reasoned judgements and recommendations. They often achieved full marks in the Levels of Response questions that carry a higher mark tariff than other questions. Weaker candidates did not always answer the questions set, omitted parts of questions, failed to use all the marks for a part question and presented very brief answers.

Most questions were accessible to candidates. The structured questions and data response questions contained some parts that candidates found easier e.g. 1 (a), 2 (a), 3 (d), 4 (a), 5 (a), 6 (a), 7 (b) and 8 (b) but there were also subsections in each question that candidates found more testing e.g. 1 (b) (ii), 2 (f), 3 (c), 4 (d), 5 (e), 6 (b), 7 (c) and 8 (c) (ii) and (iii). Most of these questions carried a higher mark tariff than the easier questions.

Many of the candidates paid attention to the command words or key words of the questions and to the mark allocations for the part questions. This enabled them not to waste time on writing at length when only one or two marks were offered. Some parts of some questions were marked according to Levels of Response e.g. 2 (f), 3 (c), 4 (b), 5 (e), 6 (b), and 8 (c) (ii). The part questions with the highest mark tariff were usually marked in this way. Those candidates who wrote developed answers and those who were able to give reasons for their opinions were able to gain top level marks. Candidates who presented lists for these questions remained in Level 1. It should be remembered that it is not enough to present a list of points, it is important to develop points – to say why something is important or why something is the better choice. If candidates offer some argument in their answers, consider all the options mentioned and follow the rubric of the question they will then achieve a higher level and so more marks. These questions did, however, differentiate between the high achievers and the weaker candidates.

Some candidates attempted more than the four questions required. The scripts were generally well presented but some candidates' work was very difficult to read often because the pen used was pale blue or because the writing was very small.

The most popular questions were **Questions 1, 2, 4 and 6**. Few candidates chose to answer **Question 7**, mostly about insurance.

Comments on specific questions

Question 1

Most candidates scored both marks in Part (a). Although many candidates scored full marks in Part (b), candidates often failed to comment on distance and the fact that rail and road would not be usable. The work of port authorities is not always understood. Many candidates confuse port authorities with customs authorities and so write about collecting duties and enforcing quotas and score no marks. It was, however, pleasing to note that many candidates scored full marks relating their answers to the context of handling iron ore. No marks were allowed for warehousing the ore or the use of bonded warehouses. Part (c) proved to be easy for most candidates. The main problem was confusing teleconferencing with videoconferencing in Part (c) (ii) and commenting on the ability to see the others at the meeting. In Part (d) candidates often failed to appreciate that the mining company was using the Internet and tended to write from the point of view of a retailer offering online shopping.

Question 2

Most answers to Part **(a)** were related to the data given. In Part **(b) (i)** most candidates concentrated on the point that there was no need to carry cash. A wide range of answers was seen to Part **(b) (ii)** with few candidates mentioning that Kumar was a cash and carry wholesaler and so would only accept cash or debit cards. Part **(c)** was usually answered correctly and answers to Part **(d)** showed good understanding of the need to clear stock to make way for newer stock and to release capital tied up in stock. Although candidates understood the purposes of warehouses, Part **(e)** asked for three purposes related to Kumar Wholesalers and this was ignored by the majority of candidates. It is important that for questions like this, the answers are in the context of the question. Otherwise marks are lost e.g. a warehouse is used to store goods (1 mark), the warehouse would be used to store Kumar's electrical goods (2 marks). Many candidates mentioned seasonal goods. This was not relevant unless related to heaters in winter or air-conditioning in summer. Many candidates were able to produce a reasoned argument in answer to Part **(f)** and consider both the functions of the wholesaler and also the reasons for the success of large-scale retailers but weaker candidates seemed to think that small-scale retailers purchased from large-scale retailers instead of wholesalers.

Question 3

The calculations in Part **(a)** were usually accurate with working shown. In Part **(b)** many answers were brief and confined to lack of immediate cash and the need to borrow. Better candidates were able to comment on the need to make further expensive purchases and good deals offered by the seller. Many answers to Part **(c)** listed several methods of finance without indicating which was recommended and why. Some answers gave sources of finance more suited to a business such as shares and debentures. Some candidates suggested Hire Purchase, but this was not acceptable and could have been another alternative to Plan B. Some candidates mentioned the fact that Plan A was financially more advantageous even if interest was paid on a loan. Part **(d)** was usually well answered with mention of guarantees and warranties but some candidates still think that the first action should be to sue the retailer rather than return the goods to the seller.

Question 4

Division of labour was accurately defined in Part **(a)**. Answers to Part **(b)** were disappointing because candidates failed to read the question carefully. The question related to the employees of a clothing manufacturer not to the manufacturer himself and so many answers, although well argued, were off the point. Both parts of Part **(c)** were well answered but full marks cannot be gained for reverse arguments for advantages and disadvantages e.g. good quality and poor quality. Many candidates were able to transfer their knowledge of specialisation from factories and the workforce to specialisation by countries in Part **(d)**. Sound knowledge of the theory of comparative advantage was shown by many candidates who presented reasoned answers, often with examples, to show the importance of specialisation by countries to international trade.

Question 5

Calculations in Part **(a)** were usually accurate. Candidates were able to identify advantages of operating a franchise in Part **(b)** and show ways in which the franchisor helps the franchisee in Part **(c)**. Part **(d)** posed a problem to many candidates who failed to answer the question in the context of Galaxy Petroleum and moving petroleum by road or rail. Candidates often gave a comparison of road and rail or wrote about moving goods by road or rail or gave the features of road and rail transport. Answers that attracted full marks considered cost or urgency or quantity to be moved or safety in the context of moving oil and petrol by either road or railway. Part **(e)** also proved to be demanding. Candidates were expected to discuss the importance of both importing and exporting to the country in which Galaxy is located. Good answers considered the concept of added value and commented on the effects on the Balance of Trade of Galaxy Petroleum's activities.

Question 6

Most candidates were able to show why shoppers use supermarkets in Part **(a)**. Answers considered self service, variety of goods, additional facilities and one-stop shopping. Nearness to customers was the popular choice in Part **(b)** but well justified arguments for each of the other two options were also seen and given good marks. Many candidates were able to show why Realbuy used both persuasive and informative advertising but only the better answers mentioned the need for Realbuy to convince shoppers that the new supermarket would be better than the one they were using. In Part **(d)** a wide range of answers was accepted. Many candidates lost marks by writing about advertising media. Acceptable answers included offers, competitions, delivery service, credit, pricing strategies, loss leaders, loyalty cards and sponsorship of events.

Question 7

In Part **(a)** some candidates related their answers to insurance rather than considering some of the features of a public limited company. The insurance policy was usually understood in Part **(b) (i)** and candidates could identify a risk in Part **(b) (ii)**. Part **(c)** proved to be more difficult. An understanding of public liability insurance was required in Part **(c) (i)** and the fact that most insurance policies carry an excess was tested in Part **(c) (ii)**. Some interesting answers were seen to Part **(d)**. Candidates mentioned different kinds of houses, more valuable contents, areas of higher risk and greater cover required. The insurance principles that applied were usually identified correctly in Part **(e)** and candidates were able to present worthwhile comment as to why neither claim would be met.

Question 8

Questions on added value often present problems to candidates. Candidates often scored both marks in Part **(a)** and identified various processes involved in making shoes. Online shopping was well understood by candidates in Part **(b)**. In Part **(c) (i)** trade discount was often described as cash discount or candidates failed to show that it is offered by one trader to another. Many correct answers to seen to Part **(c) (ii)** but candidates often lost one mark by failing to add the two net profit figures together to show the total net profit. Some well argued answers, often using the figures already calculated, were seen to Part **(c) (iii)** with many candidates showing with reasons why Mustapha Ltd should continue to sell both to the shoe shops and also online. Some candidates, however assumed, mistakenly, that Mustapha Ltd owned the shoe shops. Many candidates also failed to appreciate that it was necessary to allow the shoe shops to make a profit or that it might be necessary to spread risk. Answers to Part **(d)** were usually accurate with some candidates calculating how much the credit note would be issued for and many mentioning that the debt would be reduced.

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Paper 7100/23

Written 23

General comments

Paper 2 requires candidates to answer four questions from a choice of eight. Many of the questions covered more than one topic from the syllabus. The standard of work was average with few candidates scoring high marks but also with only a few candidates who scored low marks. Some candidates showed good commercial knowledge and an ability to develop an answer that was applied to a particular topic. Others wrote briefly and sometimes off the point or omitted parts of questions.

Most questions were accessible to candidates. The structured and data response questions contained some easy parts e.g. 1 (a), 2 (b), 3 (c), 4 (a) and (b), 5 (a) (ii), 6(a), 7(a) and 8(c) but there were also subsections in each question that were more testing e.g. 1 (c), 2 (d), 3 (d), 4 (d) (ii), 5 (a) (iv), 6 (b) (iii), 7 (b) (iii) and 8 (d). These carried a higher mark tariff.

Many of the candidates paid attention to the command words or key words of the questions. In questions that required extended writing, it was clear that many candidates could not present developed answers.

Some parts of some questions were marked according to Levels of Response e.g. 1 (c), 2 (d), 4 (d) (ii), 5 (a) (iv), 7 (b) (iii) and 8 (d) (ii). The part questions with the highest mark tariff were usually marked in this way. Those candidates who wrote developed answers, responded to the command words and who were able to make recommendations supported by reasons were able to gain top level marks. Candidates who presented lists for these questions remained in Level 1. It should be remembered that it is not enough to present a list of points. It is important to develop these points – to say why something is important or why something is the better choice. If candidates offer some development of their answers, they will then achieve a higher level and so gain more marks. These questions did, however, differentiate between the good and the poorer candidates.

The most popular questions were **Questions 1, 2, 4, 7 and 8**. Few candidates chose to answer **Question 6** relating mainly to insurance.

Comments on specific questions

Question 1

Part (a) was accurately answered. In Part (b) many candidates concentrated on finance and did not mention other banking services. Some candidates wrote at length about transport and warehousing in relation to the banana grower's business but others answered without any context. In part (c) candidates were expected to show how important it is for business people to have insurance. Many candidates just mentioned reasons for having insurance rather than saying it is very important or it is quite important. Part (d) was usually well answered with many candidates giving a variety of ways in which communication has assisted the growth of the global economy, such as the widespread use of email and the Internet as well as the telephone.

Question 2

In Part (a) candidates often stated the functions of the retailer rather than gave explanations and so lost marks. Accurate answers were usually given to Part (b) but a shopping mall was not accepted. In Part (c) many candidates were able to identify two reasons for the success of large scale retailers such as their ability to bulk buy, offer a wide range of goods or offer additional services to customers. In Part (d) candidates were expected to debate the statement. Many thought that small retail shops offered cheaper prices – this is generally untrue. Candidates were, however, able to show valid reasons why consumers often prefer to shop at small retail shops and some candidates argued against the statement, making the case for the continued growth of large scale retailing. Unfortunately Part (e) was misunderstood by many

candidates. They failed to see that the question asked how a small scale retailer could cut costs so that lowering prices was not a valid answer. Answers such as introduce self service, open where rents are cheaper and find cheaper suppliers all earned marks.

Question 3

Candidates were able to explain two services offered by wholesalers to retail customers in Part (a) (i). Sometimes trade discount was confused with cash discount and trade credit was ignored in Part (a) (ii). Some candidates thought that the invoice, not the statement, was used to request payment for several transactions in Part (c) (i) but the other two parts were usually answered correctly. Most candidates presented an accurate calculation in Part (d) (i). In Part (d) (ii) some candidates realised that a retailer would not take advantage of the terms offered when he was short of funds or could use his money more profitably elsewhere.

Question 4

This was a popular question, parts of which proved to be demanding for candidates. Most candidates calculated the amount spent on television advertising in Part (a) (i) correctly. In Part (a) (ii) candidates presented many different reasons. Some said that television advertising was very expensive to produce and that was why so much was spent on this form of advertising – a valid answer. Other candidates wrote about the worldwide audience for television, repeat advertising and the use of colour, cartoons and visual images. Most candidates were able to suggest two other advertising media in Part (b). Some good answers were received to Part (c), with candidates mentioning the decline in reading newspapers and magazines, their cost, a reduction in the audience for them and the fact that other media might be more effective and cheaper. Many candidates showed that they did not understand the term ‘competitive advertising’ in Part (d) (i), often repeating the word ‘competitive’ or ‘competing’ in their answers. Competitive advertising is when a company compares its brand with that of another brand in order to win a great share of the market. Answers to Part (d) (ii) were disappointing with many candidates failing to discuss more than one advertising medium in their answers. The question asked for media not for one medium.

Question 5

This question proved to be difficult for many candidates. Various kinds of business organisation were tested. In Part (a) (i) some candidates thought that Almon Bakeries was taking out the franchise. Others were able to make use of the word ‘well-known’ in the question to score marks. Part (a) (ii) was usually well answered with the advantages of partnerships being given. Part (a) (iii) required candidates to say how the shop might be financed by a sole trader, not give the advantages of operating a business as a sole trader. Some candidates misread this. In Part (a) (iv) candidates were expected to show why the other two options had been rejected. Answers were often repeated points from Parts (i) and (ii) without any real attempt to present a developed response.

In Part (b) (i) the term ‘mark up’ was not always known. It is the percentage difference between the cost of a product and the price charged. Answers to Part (b) (ii) were disappointing with few candidates offering more than the ability to postpone payment. Answers should have related to the purchase of bread and cakes with comment on issues such as making small purchases and paying the total amount at the end of the week, making the customer choose Fiona’s business rather than a competitor and being able to have bread and cakes when the customer had no money with them.

Question 6

Some accurate answers were seen but generally this question, when chosen, was not well answered. The term ‘premium’ in Part (a) was understood. In Part (b) (i) some candidates offered an accurate calculation but some failed to read the data provided and so introduced a charge for the child under 2 years old. In Part (b) (ii) the term ‘charter flight’ was not understood – a flight hired for particular purpose, but candidates understood what was meant by a ‘low-cost airline’. Most answers to Part (b) (iii) mentioned the speed of air travel but were unable to offer any more reasons. Answers such as could be cheaper than sea travel, not taking up so much of their holiday time and the nearness of the airport all gained credit. Candidates were able to offer reasons for choosing means of payment in Part (b) (iv). In Part (c) (i) the premium was usually accurately calculated. Answers to Part (c) (ii) should have centred around the degree of risk with winter sports, but this was not always appreciated. The consumer protection question in Part (c) (iii) presented some problems with candidates thinking that Emily should claim from the travel insurance company instead of contacting the hotel or her travel agent.

Question 7

Although this was a popular question, it was not well answered. Candidates were able to explain what was meant by trade in Part **(a)**. Most candidates did not identify entrepot trade/re-export trade in Part **(b) (i)** and were not able to show the effects on the Balance of Trade of a company that both imports and exports. Candidates choosing bonded warehouse in Part **(b) (iii)** were able to score marks but those candidates who stated that a general warehouse or a cold storage warehouse were used for goods on which duty is to be paid found themselves in difficulty. Most candidates failed to appreciate that no duty would be payable on the coffee because it was to be re-exported. Candidates were able to score marks for Part **(b) (iv)** but some candidates thought that the containers related to the individual packaging for small amounts of coffee. In Part **(c) (i)** some candidates could define the Balance of Payments and were also able to give ways for improving the Balance of Payments position such as introducing protectionist policies or encouraging home industries in Part **(c) (ii)**.

Question 8

Parts **(a)** and **(b)** caused no problems for those candidates who had a good knowledge of the characteristics of limited companies. It should, however, be remembered that limited liability relates to the shareholders of a company, not to the company itself. Part **(c)** was often well answered with some useful suggestions such as spreading risk and enabling expansion to take place. Part **(d)** proved to be more difficult. Candidates found it difficult to provide reasons for a fall in sales and profits. Competition, the general economic climate and increased expenses were acceptable answers. Some candidates were able to offer a good discussion for Part **(d) (ii)** looking at both the options before making a reasoned recommendation but some candidates chose one of the options saying that it would increase sales and so remained at Level 1.