

COMMERCE

Paper 7100/11
Multiple Choice

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

General Comments

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1, 7, 19 and 25** and some requiring candidates to look at numerical data such as **Questions 14, 15, 30, 36 and 40**.

The mean was 25.002 with a standard deviation of 6.074. There were 635 candidates for this examination. The highest score was 39 marks and no candidate scored below 7 marks. A good standard of work was exhibited.

Candidates found the following questions relatively easy and a high facility was achieved - **Questions 1, 2, 3, 4, 7, 8, 9, 11, 17, 22, 23, 26 and 27**.

Comments on Specific Questions

Some questions caused difficulties to candidates and these achieved a fairly low facility. In **Question 12** all options attracted responses as they described the work of various intermediaries involved in foreign trade. Option C was the correct answer. In **Question 14** a large number of candidates thought that Option A was the correct answer – they had not deducted the trade discount. Option B, a credit note for \$16, was the

correct answer. All options in **Question 16** were chosen by a number of candidates showing an element of guessing. However, the majority chose Option B relating to the Balance of Payments, the correct answer. In **Question 18** Option B proved to be a positive distracter. Option D was the correct answer. In **Question 20** many candidates thought that detailed information about a tractor could be given on television. The correct answer was Option D, trade journals which enable manufacturers to sell their goods to buyers with particular needs. In **Question 21** many candidates thought that leaflets, Option B was a method of sales promotion. The correct answer was Option D, sponsorship.

Question 25 caused difficulties for candidates. Option A, the consignment note was the correct answer but more candidates chose Option B, the delivery note. It should be noted that a consignment note is used when hiring a transport company but a delivery note is used when making use of your own transport. Many candidates thought that Option A, coal, in **Question 28** was correct. Option B, perfume, was the correct answer. Coal is unlikely to be stored in a warehouse as it is a low value, bulk product. In **Question 29** many candidates confused employer's liability with public liability. Employer's liability relates to employees injured on business premises, public liability relates to customers, i.e. members of the public who may be injured on business premises.

The features of direct debit are not always understood by candidates. Options B and C attracted many responses in **Question 31**. Option A was the correct answer. In **Question 37** Option A was chosen by many candidates. Leasing, Option B, was the correct answer as anyone using leasing does not buy the machinery but rents it and so does not buy on credit. Candidates found **Question 39** difficult. There were responses to all four options showing an element of guessing and no real understanding of how to solve shortages of working capital. More candidates chose Option A which related to raising fixed capital rather than Option D, the correct answer. In **Question 40** some candidates thought that the answer was net profit rather than gross profit. – Option B.

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Paper 7100/12
Multiple Choice

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

General Comments

The multiple choice paper consists of 404 -option items with some questions involving pictorial or diagrammatic data such as **Questions 1, 6, 9, 14** and **21** and some requiring candidates to look at numerical data such as **Questions 15, 17, 18, 32** and **40**.

Comments on Specific Questions

Candidates found the following questions relatively easy and a high facility was achieved - **Questions 1, 4, 6, 14, 16, 18, 20, 35** and **37**.

Some questions caused difficulties to candidates and these achieved a fairly low facility. In **Question 9** Option D was a positive distracter. Option C about trade descriptions was the correct answer as the picture showed five glasses not six as described on the box. In **Question 12** all options attracted responses with perhaps an element of guessing. Option B was often chosen but Option D the correct answer gave the important reason of being in competition with their own customers. In **Question 15** a large number of candidates thought that Option A was the correct answer – they had not deducted the trade discount. Option

B, a credit note for \$16, was the correct answer. Candidates found **Question 17** challenging with many candidates selecting Option B i.e. dividing \$10 by 4 instead of deducting 25% from \$10 i.e. \$8 – Option C.

In **Question 21** many candidates thought that the advertisement was informative and persuasive. The fact that it mentioned the Tropical Fruit Association suggested that it was a collective advertisement placed by tropical fruit growers and so was collective and informative – Option B. In **Question 27** many candidates thought that containers could be used for all kinds of cargo – Option A. The correct answer – the main benefit of using containers - was Option D. There is often confusion about the services provided by port authorities and all options in **Question 28** attracted responses. Port authorities do not operate currency exchanges, do not supervise bonded warehouses nor undertake customs clearance. They may provide the facilities or buildings in which these services take place. They do, however, provide dry dock facilities and repair services so Option B was the correct answer.

Many candidates thought that Option A, coal, in **Question 30** was correct. Option B, perfume, was the correct answer. Coal is unlikely to be stored in a warehouse as it is a low value, bulk product. In **Question 31** many candidates confused employer's liability with public liability. Employer's liability relates to employees injured on business premises, public liability relates to customers, i.e. members of the public who may be injured on business premises. All options attracted responses suggesting that the meanings of certain business risks are not always understood by candidates.

Candidates frequently chose Option B in **Question 32**. The insurance company would not pay out the amount insured for if the stock was underinsured. The retailer had insured for only 66% of the value of the stock which suffered a total loss. The retailer would, therefore receive only 66% of the sum insured i.e. \$40 000 Option B. Candidates did not know the answer to **Question 34** and there were many responses to all four options. The correct answer was Option D. The bill of lading and the air waybill are documents that accompany goods sent by sea or air and the bill of exchange is an IOU used in international trade. It does not guarantee payment. In **Question 38** Option A was a positive distracter and chosen by many candidates. Leasing, Option B, was the correct answer as anyone using leasing does not buy the machinery but rents it and so does not buy on credit.

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Paper 7100/21

Paper 2

Key Messages

- Answers that were developed in context were the key to scoring high marks on the 4 mark and 6 mark questions. Within every question there were two 4 mark sub-questions and one 6 mark sub-question. Therefore these sub-questions accounted for 14 marks out of every 20 mark question. This, in turn, meant that these sub-questions accounted for 56 marks out of the total of 80 marks for the whole paper.
- In these higher mark sub-questions, reasoned answers will always score higher than answers that are just a list of points. In the 6 mark sub-questions both sides of the argument should have points developed before a recommendation is reached.
- The time spent on answering questions should be proportional to the marks available for that question.

General Comments

Candidates are required to answer four questions from a choice of eight. Each question is broken down into a number of sub-questions and each question covers more than one topic from the syllabus.

The standard of work was variable with a wide range of marks being achieved, although only a few marks were seen at the higher end (over 60 marks). Better candidates showed good knowledge of commerce and developed their answers in context. However, too many candidates wrote only brief answers in a note or list form.

Assessment Objective 1 tests candidates' knowledge and understanding of commercial terms, ideas and concepts. The command words *Name* and *State* are often used with this type of question. Questions **2c(ii)** and **8a(i)** are examples of this type of question.

Assessment Objective 2 tests candidates' ability to apply their knowledge in the context of the question. Command words such as *Explain* are seen with this type of question. Questions **1d(i)** and **5b(i)** are examples of this type of question.

Assessment Objective 3 tests candidates' ability to analyse a problem or situation as outlined in the question. Command words such as *Explain*, *Why*, *How* and *Compare* are often used with this type of question. Questions **3c(i)** and **6c(i)** are examples of this type of question.

Assessment Objective 4 tests candidates' ability to make recommendations or show judgement. Command words such as *Assess* or *Evaluate* are often used with this type of question. It must be emphasised that, for example, when recommending one of two alternatives, the reasons why the advantages of one do not outweigh the advantages of the recommended alternative must be discussed explicitly. Questions **4d** and **1e** are examples of this type of question.

Each candidate had to answer four 6 mark questions. 6 mark questions are usually written to test Assessment Objectives 3 and 4. It is important to carefully read this type of question to ensure that it is being fully answered. Candidates who wrote in note form or listed points could not score well on these questions. Invariably, alternatives must be considered before a justifiable conclusion is reached.

Some suggestions to help candidates succeed:

- Revise all sections of the syllabus.
- Learn accurate commercial definitions.
- Read and re-read questions before answering.

- Look for the *command* word in each question and consider how to achieve it.
- Show working for any calculation question. Some marks may be awarded even if the final answer is incorrect.
- Do not forget to develop your answers with applications and examples, especially in the 6 mark questions.
- Give clear reasons for your recommendation or judgement
- Avoid unqualified comments such as 'easier' or 'quicker'.

Comments on some specific questions

Question 1

This question was generally well-answered.

- (b) The advantage of being able to raise funds by selling shares to the public was generally understood. However the advantage of having limited liability, from the company's point of view, was not so well understood – it enables the company to attract more investors because they can limit their potential losses to the amount of their investment.
- (e) The advantages were well documented but the disadvantages, such as exchange risk and language difficulties, were not generally seen.

Question 2

A more mixed response to this question.

- (a) (ii) The question specifically asked why there was a need for a bonded warehouse, therefore marks were not scored for general warehouse advantages such as storage and prevention of loss. Answers had to point out the advantages of storing goods without paying import duty.
- (b) (i) Many shipped bananas by air because they are perishable, forgetting that they have a low value to weight ratio which makes air transport prohibitively expensive.
- (c) (i) Marks were restricted due to a lack of explanation of the reasons in choosing one of the methods of transport. A comparison of the two methods was needed for a Level 2 mark and a recommendation with reasons was needed for a top mark.
- (d) This was not well answered. Many candidates concentrated on cost while the better answers pointed out the need for trans-shipment, and that rail links to other countries are uncommon even where there is a land border.

Question 3

This question was not well answered due largely to candidates not knowing what a Regional Distribution Centre is or that it is owned by the supermarket chain. This especially affected answers to **a(i)** and **b**. Both **c(i)** and **c(ii)** were usually answered well, although many would rush to court action over the damaged biscuits which is not really practical.

Question 4

This was not a popular question.

- (b) (i) Several candidates described the process for submitting an application for insurance which was not the question. Those scoring marks tended to only make a claim and await compensation rather than the full process.
- (d) The question asked for the advantages and disadvantages to the factory workers, but some answers were seen that discussed the advantages and disadvantages to the firm – Sphi Ltd. Many candidates knew about specialisation, but did not put their answers into context.

Question 5

Relatively few candidates answered this question although good marks were generally obtained by those who attempted it.

- (a) (i) Turnover was confused with stock turnover in some answers.
- (ii) Candidates who calculated using a 48 week year lost 1 mark.
- (b) Both parts generally well answered.
- (c) A bank loan was the most common source and some candidates gave only that source. Other sources could be family and friends or taking a partner. Higher marks were only obtained for answers that gave reasons for the choice of source.

Question 6

This was one of the less popular questions.

- (a) Many candidates appreciated the need for communication with such a large order. The need for rapid communication via email or telephone was not seen so often.
- (c) (i) Many realised that the distance would require well-planned transport and insurance against damage and theft, although some were concerned at driving the trucks long distances, which would not be a practical solution.
- (e) Many candidates did not realise that a credit card would not be practical for a \$70 million order. Electronic transfers were understood, but not many showed any knowledge of documentary credits.

Question 7

This was the most popular question on the paper.

- (a) (i) Many candidates did not appear to understand the term 'advertising medium'.
- (ii) The weakness of the advert, such as no location, was shown by many candidates. Credit was given for both the content of the advertisement or the medium chosen in (a)(i) even if the chosen medium was not practical, such as T.V.
- (e) Many good answers but some candidates either divided 100 by 9 or failed to add the \$0.90 to the \$1.00.

Question 8

Another popular question.

- (a) (ii) It was important to place in context, with the particular needs of Fizz Ltd necessary. Many realised there would be cost advantages in buying direct but not so many looked at own labels and design control.
- (b) Attracting customers was commonly seen as a reason but other reasons, such as less handling of cash or to remain competitive with other retailers, were not seen so often.
- (c) The legalities of consumer protection, such as selling goods not fit for purpose or misleading advertising, were rarely seen with most answers being very general.
- (d) A lot of good answers, although many concentrated on internet shopping, and did not explain the advantages of using both channels.

COMMERCE

Paper 7100/22

Written

Key Messages

- Answers that were developed in context were the key to scoring high marks on the 4 mark and 6 mark questions. Within every question there were two 4 mark sub-questions and one 6 mark sub-question. Therefore these sub-questions accounted for 14 marks out of every 20 mark question. This, in turn, meant that these sub-questions accounted for 56 marks out of the total of 80 marks for the whole paper.
- In these higher mark sub-questions, reasoned answers will always score higher than answers that are just a list of points. In the 6 mark sub-questions both sides of the argument should have points developed before a recommendation is reached.
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General Comments

Candidates are required to answer four questions from a choice of eight. Each question is broken down into a number of sub-questions and each question covers more than one topic from the syllabus.

The standard of work was variable with a wide range of marks being achieved. Better candidates showed good knowledge of commerce and developed their answers in context. However, too many candidates wrote only brief answers in note or list form.

Assessment Objective 1 tests candidates' knowledge and understanding of commercial terms, ideas and concepts. The command words *Name* and *State* are often used with this type of question. Questions **1a** and **8b(ii)** are examples of this type of question.

Assessment Objective 2 tests candidates' ability to apply their knowledge in the context of the question. Command words such as *Explain* are seen with this type of question. Questions **1c(ii)** and **5b(ii)** are examples of this type of question.

Assessment Objective 3 tests candidates' ability to analyse a problem or situation as outlined in the question. Command words such as *Explain*, *Why*, *How* and *Compare* are often used with this type of question. Questions **1c(ii)** and **2c(ii)** are examples of this type of question.

Assessment Objective 4 tests candidates' ability to make recommendations or show judgement. Command words such as *Assess* or *Evaluate* are often used with this type of question. It must be emphasised that, for example, when recommending one of two alternatives, the reasons why the advantages of one do not outweigh the advantages of the recommended alternative must be discussed explicitly. Questions **2d** and **5c(iii)** are examples of this type of question.

Each candidate had to answer four 6 mark questions. 6 mark questions are usually written to test Assessment Objectives 3 and 4. It is important to carefully read this type of question to ensure that it is being fully answered. Candidates who wrote in note form, or listed points, could not score well on these questions. Invariably, alternatives must be considered before a justifiable conclusion is reached.

Some suggestions to help candidates succeed

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- Look for the *command* word in each question and consider how to achieve it.
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- Do not forget to develop your answers with applications and examples, especially in the 6 mark questions.
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- Avoid unqualified comments such as 'easier' or 'quicker'.

Comments on some specific questions

Question 1

This was a popular and generally well-answered question.

- (c) (ii) Many candidates gave better pay in the tertiary sector, which may be true in some cases, but is not universally true, even within the same country. Those that concentrated on a better educated workforce, together with mechanisation in primary and secondary industries, were well rewarded.
- (iii) Many answers concentrated on the tertiary sector helping the primary sector to sell its products. Better answers widened the approach to include aids to trade.

Question 2

Another popular question.

- (a) (i) Many candidates lost the mark by referring to a particular type of shop.
- (ii) This was generally answered well.
- (b) Most stated that the van would be at risk and that compensation would be received, but did not go on to realise that the business could not continue if there was no van.
- (d) The mobile shop was sometimes confused with the selling of mobile phones which this did not help responses. Other candidates made good suggestions and recommended the best action.

Question 3

Not as many answered this question.

- (b) Most candidates who attempted this gave the correct answer of a deficit of \$100 billion.
- (c) (iii) Some good answers from candidates who explained each way and gave appropriate effects. Weaker answers just repeated the information in the question and gave two options with no reasons.
- (d) Many candidates achieved only 2 marks for general ways in which a warehouse would assist an importer. The final 2 marks were only available to candidates who recognised that goods could be stored in a bonded warehouse without paying import duty.

Question 4

This was a very popular question.

- (a) (ii) The most common answer was that a commercial service was given because Marco sold food. This statement scored 1 mark with further marks available for development such as using aids to trade.
- (b) Good answers were often seen and this was repeated throughout the paper when internet related questions were set.
- (c) Consumer protection issues appeared to be challenging to candidates with very few scoring well by identifying issues such as the need for hygiene or that advertising must not be misleading.

- (e) Lists of reasonable ways of maintaining profits were often seen, but there was little discussion or ranking of the best ways. Consequently most candidates only reached Level 1.

Question 5

While this was not a popular question, those that attempted it tended to obtain good marks.

- (a) Candidates generally fully understand the franchise concept.
- (b)(i and ii) Internet banking seems to be fully understood by most candidates.
- (c)(i) Invoices were known about but details were often missed.
- (iii) This was one of the best answered 6 mark questions with arguments for both strategies being evaluated on many scripts.

Question 6

It was pleasing to see that most candidates correctly calculated the answers in **a(i)** and **b(i)**.

- (a)(ii) Many knew the difference between the timing of the ownership, but a second difference, such as documentation or the ability to repossess the goods, was not seen often.
- (c) This saw a wide range of marks with some candidates still showing confusion between private and public limited companies. However, the better candidates realised that public limited companies can raise capital on the stock exchange, and this is often cheaper than borrowing from a commercial bank.

Question 7

This was a very popular question.

- (b)(i) The advantage of Mero increasing the visibility of its name was often seen, but the price competitiveness of own brand products was not so common.
- (ii) Some answers overlapped with **b(i)** but more candidates knew the general advantages of establishing brand names with its associated guarantee of quality or value for money.
- (c) The advantage of an accurate price at the till was seen often, but the advantage of stock control was not so common.
- (d) Although there were some good answers, many candidates focused on television and barely mentioned newspapers and billboards which meant that they could only be rewarded at Level 1.

Question 8

A fairly popular question but in general answers were not strong

- (a) 'Road transport is cheaper' was a common answer that gained no credit unless it was compared with, for example, air freight. Some good answers pointed out that road transport is door-to-door, unlike most other forms that require trans-shipment. Other points that could have been made were timetable flexibility, quicker over short distances and size flexibility. However these were rarely seen.
- (b)(iii) The public sector concept was not understood by many candidates
- (c) Where insurance principles were known often only 'utmost good faith' was given and described.
- (d) Some candidates only described the role of the wholesaler without really answering the question or using the context. The good answers stated how difficult reversing the trend would be, but that new services such as cash and carry should be tried.