

COMMERCIAL STUDIES

Paper 7101/01
Elements of Commerce

Key Messages

Below are some general suggestions to help candidates do well in this examination.

- Revise all sections of the syllabus.
- Note the number of marks awarded on each question.
- Use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.
- Read and re-read questions before answering. Weak responses were often characterised by not taking enough time to fully register both the general focus of questions and also the level of detail required.
- Look for the command and key command words in each question.
- Show working out in any calculation questions.
- Candidates should learn succinct and accurate commercial definitions.
- Do not forget to develop your answers with examples and/or application.
- Unqualified word comments such as 'easier', 'quicker' and 'cheaper' do not score marks.

General Comments

The overall outcome of the examination was similar to that of the performance by candidates in the equivalent session in 2012. All candidates had difficulty in the compulsory **Section B Question 6** of the examination paper, where the vast majority of candidates found it difficult to gain good marks on each of the part questions on the topic of methods of payments. Candidates are recommended to revise this area well. Notwithstanding this, it was evident to the Examiners that all Centres had continued to prepare their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary.

Some candidates continue not to always answer at the appropriate level of skill. In this connection, the command words on the examination paper are particularly relevant to Centres and candidates. Each question indicates the level at which it is based:

AO1 (Knowledge and understanding) This assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. For example, **Question 5(b)** asked candidates to 'Name and describe two post office services which this company might use to send out its orders.' Command words such as 'Name', 'Describe', 'Give' and 'State' confirm that the question is at this level.

AO2 (Application) This assessment objective tests candidates' ability to relate their answer to the context. In this examination, the context to **Question 4** was about the way two businesses advertised their services. For example, **Question 4(e)** asked candidates to show 'why are Company A and Company B unlikely to use billboard advertising?' based on information supplied in the question. Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question at this level.

AO3 (Analysis) This assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 2(c)(i)** asked candidates to 'identify three risks against which the factory building could be insured.' Command words such as 'Identify', 'Compare' and 'Analyse' confirm the question is at this level.

AO4 (Evaluation) This assessment objective tests candidates' ability to formulate some judgements. For example, **Question 7(d)(ii)** asked candidates to 'explain why customs authorities are required to keep

statistical records.' Command words such as 'Explain why', 'Do you consider', 'Discuss' and 'Evaluate' confirm the question is at this level.

One general weakness of candidates relates to ignoring the number of responses required by some questions. For example, in **Question 2(a)(i)** candidates were asked to 'Explain two features of a limited company'. Some candidates gave one feature and some gave more than two features. It should be emphasised to candidates that including less than the prescribed number reduces the maximum marks that a candidate can score for that particular question, and including more than the prescribed number does not gain any more marks and, in fact, may waste valuable examination time that could be used elsewhere on the paper to score marks.

Comments on specific questions

Question 1

- (a) Most candidates accurately each of the three terms but some candidates could have gained more marks by giving appropriate examples. In answering bullet point 1, there were a minority of candidates who confused human wants with human needs. Nevertheless, the majority of candidates explained that human wants were not necessary but made life more comfortable, such as having a car. The best answers to bullet point 2 gave relevant points such as consumers were persons who bought or used goods, such as an apple, to satisfy their needs and wants in order for production to continue. Named purchases were often given as a valid example. The idea of large-scale retailers buying in bulk was a valid explanation for bullet point 3. Overall, most candidates scored at least one mark out of the two marks available to each of the three bullet points.
- (b) The majority of candidates identified two valid types of retailers without shops, such as hawkers, market stalls and pedlars.
- (c) Stronger answers applied good understanding of the role of the wholesaler to small-scale retailers to this question, clearly showing the direct comparison between small-scale retailers and wholesalers. Such answers, for example, explained how the small-scale retailer could not afford to buy in bulk and consumers only required small quantities of goods at a nearby location with the availability of credit. Alternatively, the wholesaler bought in bulk quantities, selling a narrow range of goods at an often distant location without credit. Weaker answers did not analyse the role of the wholesaler but still managed to score some marks for the role of the small-scale retailer.
- (d) There were many good scores to this question part, with relevant answers covering both the facilities offered by shopping malls such as car parking and ATMS together with features such as that there are a wide range of shops offering a variety of goods in comfortable surroundings.

Question 2

- (a) There were many comprehensive answers to part (i) recognising that limited companies were owned by shareholders who received dividends based on profits, and also incorporated limited liability. However, many candidates simply gave one or two features without explaining them. Unfortunately, in answering part (ii), many marks were lost due to vague statements such as 'managing directors manage the staff' or 'employ staff'.
- (b) Strong answers explained various sources of finance such as loan, shares and government grants. Other candidates lost marks by either giving inappropriate sources such as overdraft or insufficient explanations of valid sources.
- (c) In part (i) fire, theft and flood were common correct answers provided by many candidates. Part (ii) was less well attempted. Good answers gave appropriate pieces of information such as the value of the buildings, the age of the buildings and the nature of business activity. In answering part (iii), there was some good knowledge and understanding demonstrated on why the full amount of the claim may not be paid. For example, some candidates chose the principle of utmost good faith. Good answers explained that policyholders had to tell the truth on the proposal form because the insurer could refuse to pay out on the claim if this was not done. Other candidates chose the principle of insurable interest. Many candidates recognised that, under the principle of insurable interest, one can insure their own building but not someone else's building. Other points that could

have been included were that the damage might only affect part of the building and therefore the policy holder would be making a profit if they obtained the full amount.

Question 3

Question 3 was a popular choice, with many candidates demonstrating sound commercial knowledge about international trade.

- (a) For parts (i) and (ii) the majority of candidates scored the maximum three marks in these parts. The correct answer to the latter was 27%. In answering part (iii) some candidates lost marks by simply copying the data or giving irrelevant answers such as defining importing and exporting. The better answers recognised that the country exported mainly primary goods such as cocoa, and imported mainly finished goods.
- (b) Strong answers gained high to full marks by stating a range of international trade benefits such as earning foreign currency to pay for imports, creating jobs so thereby lowering unemployment and increased friendly relations between countries so reducing conflict/wars.
- (c) There was generally good knowledge demonstrated by many candidates to part (i) about the factors that a company has to consider when transporting goods abroad with many candidates knowing that factors such as cost, distance and the nature of goods were important considerations. However, in part (ii), there was limited knowledge shown on paying for the goods internationally. Many candidates gave irrelevant home means of payments with only a minority of candidates scoring some marks.

Question 4

- (a) The majority of candidates gave good answers by explaining that advertising informed consumers about new products, persuaded consumers to buy, reminded consumers about existing goods and created brand loyalty.
- (b) All candidates scored some marks on this question. The best answers scored highly by explaining features such as the target audience, method of appeal and cost-effectiveness. Weaker answers gave less relevant points or weak explanation of features.
- (c) Most candidates obtained at least two marks out of the four marks available by giving suitable media such as leaflets or local newspapers. It was surprising to find a sizeable minority giving television as one of their choices.
- (d) Strong responses focused on the question and developed one advantage and one disadvantage of magazine advertising. For advantages, candidates stated that magazines could use colour attracting more customers, whereas many consumers do not buy magazines and therefore do not see the advertisement. Weaker responses stated two separate advantages and disadvantages without any development or explanation.
- (e) Good candidates explained that billboards may be damaged and, in consequence, the information may not be seen. Weaker answers gave less relevant points such as billboards were too expensive.

Question 5

Overall, **Question 5** was soundly attempted although, along with **Question 2**, it was the least popular of **Section A** questions that were answered.

- (a) The best answers gave two clear differences between a telephone and a letter as methods of communication. For example, telephone was an immediate two-way oral communication whereas a letter a slow, written one-way communication. Points such as 'telephone calls being cheaper' is incorrect.
- (b) The topic of postal services continued to be an area that candidates should focus on, as there were many disappointing answers to part (b). Weaker answers gave general post office services, such as postal orders, not related to the context of the question.

- (c) The best answers named and explained two functions of commercial documents sent after an order has been made such as the advice note and invoice. Weaker answers described inappropriate documents used before the order such as a quotation or named international documents.
- (d) In part (i) there was generally good knowledge demonstrated by many candidates about how the Internet could be used to communicate with customers. In fact, some candidates scored four to five marks or the maximum of six marks for this part. Please note that unqualified word comments such as 'cheaper', 'faster' and 'easier' do not gain any marks. Weaker answers were characterised by a lack of knowledge and the inability to develop their answers in sufficient detail to gain development marks.

Question 6

- (a) For parts (i) and (iii) the majority of candidates scored the maximum two marks in these parts. Marks were lost in parts (iii) and (iv) by many candidates giving irrelevant answers.
- (b) There were many disappointing answers by candidates who clearly did not understand the differences between the three methods of payments required. Good candidates indicated that SO stood for standing order in part (i) and DD stood for direct debit in part (ii) and gave appropriate application of their uses.
- (c) Strong answers to part (i) gained high to full marks by stating the credit card operated by being swiped, with a PIN being entered and a monthly statement sent to the cardholder. However, most answers demonstrated a lack of knowledge on how a credit card works. Part (ii) was better answered with relevant material relating to safety, portability and currency exchange.

Question 7

- (a) Despite all the answers to parts (i) - (iv) being included on Fig. 3 there were only a minority of candidates who identified all four correct answers. Nevertheless, the question differentiated well with a wide spread of marks.
- (b) Many candidates found this question difficult. They often knew what the contents of a bill of lading but had difficulty in applying it to the point of the question which was why it was necessary.
- (c) Most candidates gained one mark for stating that the air waybill was used in air transport but found difficulty in obtaining the second mark.
- (d) Strong answers to part (i) recognised that bonded warehouses were useful for storing dutiable goods that could be prepared for sale or for re-export while economising working capital for the importer. There was generally good knowledge demonstrated by many candidates to part (ii) about the function of custom authorities in keeping statistical records for imports and exports so that the balance of trade could be calculated. Weaker answers simply described general functions of customs authorities such as stopping illegal goods entering the country.

COMMERCIAL STUDIES

Paper 7101/02
Arithmetic

Key Messages

- Candidates must show the arithmetic operations that they are carrying out if credit is to be given when their answer is incorrect. They must avoid writing statements which have no mathematical meaning such as

Answer:

$$\begin{array}{r} 21 \\ \times \\ \hline x \end{array} \quad \begin{array}{r} 110 \\ \\ 105 \end{array}$$

and write $x = (21 \times 110)/105$

- Candidates should be aware that all the commercial terms contained in the syllabus may be used on this paper. Many seemed to be unsure, for example, of the meaning of the word depreciation.

General Comments

The level of the paper was such that all candidates were able to demonstrate their knowledge and ability. The paper was challenging for the most able with no candidates scoring full marks. However, very few scripts scoring less than 25 marks.

There was no evidence at all that any candidates were short of time as some even attempted all 4 questions in **Section B**.

Examiners reported seeing almost no candidates using log tables this year. Log tables will cause accuracy problems in some questions such as **Question 4b** and **Question 11** as they will not deal with all the significant figures involved in the questions.

The general level of performance was much better than last year and in particular there were very few candidates choosing unsuitable questions in **section B**.

Particular Comments

Question 1

Very well answered with the exception of part (c) where many candidates thought that they could use decimal approximations and still get the correct answer. Many candidates could not simplify $(17/6) \div (1/6)$.

Answers: (a) -12 (b) 10 (c) 17

Question 2

Very well answered with the exception of part(c), where the usual problem of candidates ignoring the instruction to give the answer to two significant figures was very evident. A common error was for candidates to use their answer to part (a) when attempting part (b).

Answers: (a) 0.41 (b) 15/37 (c) 41

Question 3

Almost all of the candidates scored full marks on this question with the exception of part (c). The common error here was to divide by 5.52 instead of 6.

Answers: (a) $1\frac{1}{4}$ (b) 868 (c) 8 (d) 3360

Question 4

This was the most poorly answered question on the paper where even the most able lost marks. Examiners also reported poor presentation and lack of clear explanation in this question.

In part (a) most candidates subtracted the cost of the goods and the expenses to reach \$8000. However hardly any candidates were able to deal with the proportion part of the question.

In part (b) Examiners reported confused and unexplained working. Candidates were calculating 2% and 3% of all sorts of quantities including the exchange rate. Other candidates added or subtracted the commission before reconverting back to sterling. There was much confusion about what was in Rands and what was in Pounds and these were often added together. Commission 1 is 2% of £10 000 and commission 2 is 3% of £10719.40 which is the R109369 converted back at that day's exchange rate. Final profit is Profit – Commission.

Answers: (a) 50 (b) £197.82

Question 5

Fairly well answered by about half of the candidates.

In part (a) most candidates could find the compound interest but were unable to deal with the 36 instalments. Some confusion with Simple Interest was noted but less than in previous years.

In part (b) about half the candidates scored full marks whilst the remainder did not understand the process.

Answers: (a) 628.54 (b) May 14

Question 6

Candidates did not do well on this question.

In part (a) most candidates failed to plot the point (0, 12500). Large numbers of straight line joins and bar charts were seen.

In part (b) candidates did not always follow the instruction to use their graph to find the value and manufactured various calculations to produce an answer. Those that did extended their graph to the left of (1, 7500) often read 6 months as 0.6 years.

In part (c) about half the candidates understood the term *depreciation* and scored full marks. The remaining candidates tried to involve percentages in their working.

In part (d) only the most able part of the entry knew what was required and clearly the term percentage depreciation was not understood as $(\text{depreciation} / \text{original value}) \times 100$

Answers: (c) 5000 (d) 69.6

Question 7

In general candidates were able to score well on this question. There was much less confusion between the various measures of average this year. The concept behind the drawing of bar charts was still not well known and many candidates tried to impose a scale on the horizontal axis instead of labelling the bars.

The least able quarter of the entry found this question difficult whilst the rest of the candidates scored highly.

The most common error was in part **(b)** where large numbers of candidates found the total and then divided by something.

Answers: **(b)** 1240 **(c)** 1736 **(d)** 86.8

SECTION B

Question 8

This very popular question was very well done by most of the candidates.

The weaker candidates struggled to cope with all the data and in part **(a)** either had problems converting time to hours open or treating Monday to Friday as one day. In part **(b)** they often ignored the 5 day hire or tried to involve the 4 days in their calculations. They also had difficulty in setting out their working.

Answers: **(a)** 96 **(b)(i)** 800 **(ii)** 912

Question 9

This was also a very popular and well done question. The weaker candidates still confused the various measures of average.

The most common error was seen in part **(d)** where many candidates did not understand the meaning of *in excess of 20 kg* and either took it to include 20, not include 21 or not include 20 and 21.

Answers: **(a)** 20 **(b)** 19 **(c)** 18.7 **(d)** 95

Question 10

This question was very well done by those that attempted it but full marks were not very common.

Both parts of part **(a)** were usually correct with a few candidates inverting the multipliers.

In part **(b)** there were commercial understanding issues and large numbers of candidates were not finding the tax on the full post-expenses income with many ignoring the annual salaries.. Another common error was to do all of the calculations in the wrong order. Almost all the candidates could deal with the proportional work although again not always on the final post-tax income. Almost all candidates failed to include the annual salary in the final answers.

Answers: **(a)(i)** 22 **(ii)** 120 **(b)** 32400, 43600, 66000

Question 11

This was not a popular question but was very well done by over half of those that attempted it and high marks were very frequent. The weaker candidates had very little idea of the correct methods and were unwise to have attempted this question requiring specialist knowledge and scored almost no marks.

Answers: **(a)(i)** 1402.50 **(ii)** 1.683 **(iii)** 36.5 **(b)** 3000

COMMERCIAL STUDIES

Paper 7101/03
Text Processing

General Comments

This year it was pleasing to note that Centres had greatly improved presentation and layout skills. This was evident when marking Task 3, business correspondence. Most Centres applied fully blocked/open punctuation and were generally consistent with layout and spacing. This improvement in skills along with very good punctuation and grammar allowed candidates to gain up to an extra six marks for this task alone. Interpretation of instructions and handwritten notes was good across all Centres. Overall all tasks were produced displaying a very good level of knowledge, understanding and accuracy.

Task 1

A good percentage of candidates completed this task in the given time. Candidates were consistent in style and layout but marks were lost on accuracy due to the time restriction.

Task 2

Overall excellent marks were awarded for this task. The knowledge of abbreviations and printer correction signs across all Centres is to be commended. Candidates displayed the newsletter as required by instructions. Accuracy for this task ranged from poor to very good across Centres. However, candidates with poor accuracy skills still managed to achieve a good mark for this task.

Common errors included:

- Applying upper case to secure online shopping but failing to remove underscore.
- Incorrect sorting of list
- Incorrect placement of hyphen for the last sentence

Task 3

The main aim of this task is to produce business documents from written instructions in a form which would be acceptable for signature. Overall candidates achieved excellent marks for accuracy, tone, punctuation and grammar. Most candidates composed a business letter which accurately conveyed the writer's meaning. Layout and consistency were displayed very well and most Many candidates demonstrated excellent knowledge of fully blocked/open punctuation correspondence. Most candidates produced a well presented, mailable business letter. This task resulted in candidates achieving a good mark to achieving excellent marks overall.

Task 4(a)

Again this task allowed candidates to gain good marks. All instructions were followed and accuracy was generally good. One common fault was the abbreviation (cat) catalogue. Very few candidates achieved this mark.

Task 4(b)

Names and designations of both sender and recipient were placed correctly but not always accurately. Common errors included omitting enc or the subject heading placed/spelt incorrectly.

Task 5(a)

N/A

Task 5(b)

Once again it was evident that candidates are comfortable working with ruled tabulation. This was evident from the very good marks that were achieved across all Centres. Excellent accuracy and presentation displayed across all Centres.

Common errors included:

- Inconsistent capitalisation
- Inconsistent spacing between codes
- Using a larger font size for main headings rather than table headings