

# COMMERCE

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Paper 7100/01

Paper 1

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

## General comments

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 23.25 with a standard deviation of 6.701. No candidate scored below 4 marks but only two candidates from 7327 candidates achieved full marks.

Candidates found the following questions relatively easy and most candidates answered them correctly – **Questions 2, 4, 5, 6, 22, 23, 24, 27** and **33**. One of these questions involved calculations – **Question 12**. Some of these questions were pictorial – **Questions 8** and **23**.

Candidates found **Question 28** particularly difficult. This question related to an insurance policy for customers injured on business premises. Option D was the correct answer but many candidates confused public liability with employer's liability and chose Option A which proved to be a positive distracter. A large number of candidates also chose Option C.

Candidates were uncertain about the correct answers to seven of the items where large and roughly equal numbers of candidates were choosing each option, indicating that there was a large element of guessing. This applied to **Question 3** on specialisation, **Question 18** on postal services, **Question 20** on point of sale promotions, **Question 25**, a testing question on warehousing, **Question 29** on the insurance principle of insurable interest, **Question 35** asking for the correct definition of limited liability, a key term from the syllabus section on Business Organisation and **Question 37** on debentures.

Some other items posed problems for candidates. In **Question 9**, although many candidates chose Option A, the correct answer, the other Options also attracted quite a large number of responses indicating imprecise knowledge of the functions of wholesalers. In **Question 11** on the invoice, many candidates chose Options A and B instead of the correct answer, Option C. There may have been an element of guessing in **Question 12**, a calculation involving discount as all Options attracted a large number of candidates. Many candidates did, however, calculate correctly and chose Option B. In **Question 16** the correct answer was Option B but many candidates chose Option A which proved to be a positive distracter. Imprecise knowledge of franchises, a newly introduced topic on the Commerce syllabus, was shown in **Question 34**. The correct answer was Option A but many candidates thought that Options C and D were the right answers.

# COMMERCE

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Paper 7100/02

Written

## General comments

This examination tested all sections of the syllabus and required the candidates to answer four questions from eight. Each of the eight questions provided candidates of all levels of ability with opportunities to show their knowledge of the subject and their understanding of commercial terms and procedures. Candidates were also required to show their ability to analyse and evaluate specific commercial situations.

The paper proved to be quite challenging for many candidates but some of the Examiners reported that there was an improved standard of performance compared with last year particularly from candidates in Mauritius and the Maldives. Some achieved very high marks and showed a good understanding of commercial practice. Their answers were well developed and they had a good command of English. They wrote at length, discussed the topics chosen and used worthwhile examples.

There are still large numbers of candidates whose total score is below 20. They have very little understanding of the questions set, often write out the question with little or no answer and/or they misunderstand the questions. They tend to seize on one or two familiar words in a question and confine their response to writing as much as they can about these words, usually with no relevance to the question. One of the main reasons for the poor standard of work of these candidates is, as stated last year, difficulty with the language of the paper. The English skills of these candidates is minimal and so they are severely handicapped when trying to answer any questions.

The time allocation for the paper seemed to be adequate with little evidence of incomplete papers because of time constraints. It was, however, reported by one Examiner that one or two very good candidates had problems completing their final question. There were some scripts with gaps in answers but this was probably due to lack of knowledge of the subject matter. Some candidates still disobeyed the rubric and answered more than four questions.

**Questions 1, 2, 3, 6 and 8** were the most popular. **Question 4** and particularly **Questions 5 and 7** were less popular. Many found parts of **Question 8** demanding, partly because they misread parts. Parts of each were designed to be straightforward for all, e.g. **Question 1 Part (a)**, **Question 4(a)** and **Question 8(a)**. Parts of each question were designed to be more demanding and aimed at the better candidates e.g. **Question 1(d)**, **Question 3(d)**, **Question 6(d)**, **Question 7(b)** and **Question 8(d)**.

Parts of some questions were marked according to Levels of Response – candidates being rewarded for the quality of their answers rather than quantity or point scoring. Such questions were **Question 1(d)**, **Question 2(c)**, **Question 3(d)** and **Question 8(d)**. Most were able to score some marks for their answers to these questions but only the better candidates achieved Level 3 where discussion and analysis of the issues were required.

Some waste too much time writing a great deal of information to questions which carry only a few marks. Typical examples of this were **Question 2(b)(i)** and **Question 6(b)**. Presentation of answers was generally neat with answers well set out and clear numbering of the questions chosen.

## Comments on specific questions

### Question 1

Many candidates gained the two marks for Part **(a)** but often candidates gave a definition of trade rather than explaining one reason why trade is important. In Part **(b)** a variety of reasons were accepted. Few candidates commented on the decline of primary and secondary industries in many countries but many mentioned better paid jobs in commercial services and the development of new commercial services such as the computer industry. Part **(c)** could be answered in a number of ways. Many mentioned reasons for communicating e.g. with customers or suppliers and gave an example of a method of communication which could be used. Others showed several examples of how communication might help this shoe manufacturer. Weaker candidates often wrote about transport or advertising or failed to answer within the context of the shoe manufacturer. Most candidates coped well with a rather different style of question in Part **(d)**. Some stated that Commerce did not exist in Sammar and then went on to prove that Commerce did exist there. Others showed that some aspects of Commerce were present there but that there were significant gaps. Many well developed answers were seen to this question, with some imaginative discussion.

### Question 2

It was evident that some good teaching of Internet banking and the use of ATMs had taken place in many Centres. Many candidates gained full marks for Part **(a)** but some candidates confused Internet banking with shopping on line or wrote about ATMs in this section. Some candidates also thought that customers could physically withdraw or deposit money using the Internet. Part **(b)(i)** was well answered with a variety of plastic cards being accepted. Candidates had more difficulty with Part **(b)(ii)** often confusing an ATM with a night safe. Few mentioned that ATMs are often found away from bank premises, at garages or in shops. Most mentioned the advantages of 24-hour banking.

Answers to Part **(c)** were generally disappointing. Many wrote about all the advertising methods in a long list. Most candidates did not apply their answers to the context of the bank. They failed to appreciate that most banks have the financial resources to use most of the media listed. They tended to comment about cost and suggest that a bank would not use all of them because they needed to save money. They also tended to give standard and general points e.g. posters are cheap, television is watched by many people rather than attempt to relate their answers to a bank publicising its services.

### Question 3

In Part **(a)** some candidates still wrote about seasonal demand rather than seasonal output. Marks were given for maintaining constant supply and preventing price fluctuations as well as for the protection of goods such as fish against deterioration. Part **(b)** was often well answered with many candidates scoring full marks. Most mentioned the growth of large-scale retailing with the ability to purchase in bulk. Some thought that the costs of wholesaling would be too high for the small-scale wholesaler and this was rewarded.

Although there was assistance in the question, many candidates failed to appreciate that trade magazines are aimed at businesses and retailers. General answers to Part **(c)(i)** relating to information and cost were not rewarded. A wide range of promotions was accepted, (many probably more appropriate for a retailer) but the use of credit and advertising were not rewarded. Many candidates found it difficult to gain 3 marks for this question and often gave more than one method of sales promotion rather than describing just one. Most were able to offer some valid points in answer to Part **(d)**. Some answers tended to list advantages and disadvantages without any clear indication as to whether or not his business would benefit. Some better candidates were able to show that benefits of the van depended on the level of demand for his business.

### Question 4

Answers to Part **(a)** were often disappointing. As the preamble to the question mentioned 'a chain of large supermarkets', comment on the size of the supermarket was not given credit. Most candidates were able to mention self service, variety of products, parking and other services but some candidates showed little or no understanding of supermarkets. The calculation in Part **(b)** was often accurately done but many candidates did not show the millions (\$165 m) and so were penalised. Part **(c)** produced some well developed answers based on economies of scale but some candidates said that the Board of Directors had decided to buy supplies direct from suppliers and stopped there. Part **(d)** presented an opportunity for candidates to show the variety of ways in which large shops make use of computers. Many candidates mentioned bar coding and electronic tills but others described security cameras linked to computers and the use of credit cards in supermarkets. Unfortunately in Part **(d)(ii)** some candidates misread the question and commented on how

computerisation benefits Paradise Supermarkets rather than the customer. Worthwhile answers mentioned saving time, less errors and less waiting at the till.

### Question 5

This question was not frequently chosen by candidates in some Centres. It revealed a lack of knowledge and some confusion about types of credit as opposed to methods of payment. In Part (c), although Mr Jones was supposed to be a private individual, advantages relating to Mr Jones as a businessman were accepted. Many types of credit were accepted in Part (b) with related reasons. Unfortunately, many mentioned methods of payment such as cash or the use of debit cards instead of credit cards, hire purchase, bank loan or store cards. Part (c) produced some interesting answers with many candidates suggesting that the provision of a guarantee or a credit agreement would oblige the retailer to replace or repair the microwave oven. Answers to Part (d) were disappointing. Many wrote about taking out an insurance policy or about the principles of insurance instead of the steps involved in making a claim. It was evident that some candidates had little or no knowledge of this topic on the syllabus.

### Question 6

This popular question was often well answered. Many accurate calculations of the missing figures in the table were seen but often candidates omitted the millions and so were penalised (Part (a)(i)). Candidates usually identified the deficit in Part (a)(ii) and the surplus in Part (a)(iii). There was, however, much confusion about the Balance of Trade and the Balance of Payments in Part (b). Many confused visibles (goods) and invisibles (services) or gave very imprecise definitions. Others had no knowledge of the topic and thought these two terms were something to do with Profit and Loss Accounts. Most were able to give some functions of a customs authority in Part (c) but some repeated their answers to Part (c)(i) in Part (c)(ii). Unfortunately, there was an error in the table in the Total column. Instead of an overall deficit, the overall figures showed that the country was in surplus at the end of the four-month period. Scripts showed that this did not, however, present a problem to candidates. Their answers to Part (d) usually suggested that action should be taken and gave quite good reasoning to support that argument. Some, however, misread the question, giving methods of counteracting a deficit rather than reasons for suitable action.

### Question 7

This question was not chosen by large numbers of candidates. Although location of an industry is often a popular topic with candidates, many candidates find business organisation and sources of finance quite difficult concepts to grasp. In Part (a), candidates often scored full marks but there are many candidates who still confuse the public limited company (in the private sector) with public corporations which are funded and controlled by government. In Part (b), weaker candidates confused investment with borrowing but many appreciated that a loan has to be repaid and that interest is charged on it. Trade credit is not generally understood so many candidates chose the overdraft. It might be suitable as it provides money immediately so bills can be paid and discounts obtained. Trade credit, on the other hand, would enable Jabatan Ltd to pay monthly, use the materials before paying for them and so earn money with which to pay the bills. Trade credit would also help cash flow and enable Jabatan Ltd to build up a good relationship with its supplier.

Answers to Part (d) needed to be in the context of a boat builder. Candidates who maintained the idea of a boatyard throughout the answer tended to score much better than candidates who gave general locational reasons often relating to the factors of production.

### Question 8

This popular question was not always well answered and revealed some general misconceptions about both small businesses and also credit cards. Many candidates gave three advantages in Part (a) but with no explanation. Others thought that Mrs Awan could buy in bulk and give credit to all her customers. In Part (b) a reasoned explanation relating to the postponement of payment was expected but answers were sometimes very superficial. Unfortunately in Part (c), many candidates misread the question assuming it was Mrs Awan who was paying using cash rather than her customers paying her. It is possible that the phrasing of the question confused candidates. Answers to Part (d) were often disappointing. Candidates failed to present developed answers giving both sides of the argument and so did not reach Level 3. The word 'concerned' confused some candidates who said Mrs Awan should be concerned but then went on to describe the advantages of the use of credit cards. Some mentioned the opportunities for increased trade and security aspects of not having large quantities of cash on the premises. Some developed the idea that there could be problems of cash flow and that Mrs Awan would have to wait for payments from which commission was

deducted. Some again misread the question and assumed that it was Mrs Awan who was using the credit card to purchase her supplies. Others talked about credit card fraud and the possibility of bad debts.