COMMERCE

GCE Ordinary Level

| Paper 7100/01 |
| Paper 1 |

General comments

The standard of the work was variable, with a wide spectrum of candidate ability. There were many excellent papers submitted with high scores achieved. These candidates showed that they had sound commercial knowledge. They wrote fully and in detail and expressed themselves clearly. There were also a number of poorer candidates achieving very low marks, and showing that they had little understanding of the subject.

The paper tested most parts of the syllabus and required candidates to show current commercial practice. Many of the questions required the candidates to show understanding and also to be able to apply their commercial knowledge to given situations. The better candidates showed that they had read the requirements of the questions chosen, had adhered to the mark allocations and wrote interesting and accurate answers. Weaker candidates tended to write rather vaguely about the topics, showing superficial understanding of the subjects chosen.

Many candidates improved their answers with the use of relevant, up-to-date and often local examples of commercial practice. They made good use of commercial terminology and were able to show some understanding of current trends in commercial practice, particularly the use of information technology in commercial situations.

The standard of English of many candidates was very accurate and is to be commended. There was evidence in many Centres of much fluent writing, good use of paragraphs and accurate spelling. It was noticeable that the candidates with a poor grasp of the English language were unable to understand the demands of some of the questions chosen and often gave irrelevant answers. Some candidates disobeyed the rubric and answered more than the five questions required. Most candidates had adequate time to answer the five questions fully.

Many candidates still require practice at examination technique. The mark allocations for each part of the question give an indication of how much the candidate should write. The words which begin questions give an indication of how the question is to be answered. If a question says 'State', it means that a short answer is required, worth one mark. If a question requires a candidate to explain a term, there needs to be some development of the answer, such as a further statement or an example, and there will be a greater mark allocation. If a question begins 'State and explain', the candidate is required to make a statement and then develop the answer and again more marks will be awarded. Some candidates wrote far too much in answer to questions asking them to 'state' some facts and so wasted time which might have been better spent on other parts of the question. It is, however, noticeable that better candidates paid more attention to the command words of the questions, adjusted their responses to the various parts of a question appropriately and often gained maximum marks.

The standard of presentation was good, with many scripts very clearly written. A few scripts were very difficult to read, especially when the writing was untidy or very small.

Some questions attracted a large number of responses. Candidates answered **Questions 5**, **7** and **8** particularly well and these questions were popular. **Questions 1**, **2**, **3**, **9** and **10** were also popular, but sometimes less well answered with misunderstanding of some parts of the questions. **Question 4**, on insurance, was popular with candidates in some Centres and often well answered. **Question 6** was not often chosen and frequently proved beyond the knowledge of the candidates selecting it.

Comments on specific questions

Question 1

On the whole, this question was answered satisfactorily but candidates often failed to respond fully enough to part **(c)**. Part **(a)** produced some accurate answers but too many candidates suggested that Busi and Mordecai were vegetable producers rather than primary producers. In Part **(b)** some candidates thought that limited company meant a limit on production or places of operation, rather than a company whose shareholders have limited liability. Better candidates were able to apply the aids to trade transport and finance to the scenario. They gave full answers mentioning the movement of vegetables to the canning factory, moving workers and moving seeds and fertilisers to the fields, as well as finance for cash flow, paying bills and purchase of land and machinery.

Question 2

(a)(b) Some candidates did not understand the concept of a shopping centre and often confused it with a hypermarket or department store. It was, however, possible to make this mistake and yet score modestly in these parts, because of common features across these retail categories. Many candidates showed that they had good knowledge of this trend in shopping facilities and were able to show the benefits to the consumer.

(c) This part caused problems for candidates who could not relate road transport to retailers and wrote about the benefits of transport to the consumer. Retailers at the shopping centre might use road transport to bring themselves and their employees to work, to obtain supplies, to make deliveries to customers and also to pay for car parking facilities at the shopping centre to attract customers.

(d) This part was a novel way of testing advertising. Many candidates gave six realistic suggestions on advertising and promoting the shopping centre such as television, radio and newspapers and the use of offers and introducing celebrities. Others failed to understand what was required and mentioned many kinds of advertising such as collective and competitive advertising.

Question 3

(a) Some candidates failed to identify specific features of a cash and carry warehouse, such as payment in cash and providing no transport, and mentioned erroneously credit and bulk buying. In part **(ii)**, candidates often discussed the role of small shops, rather than the impact of cash and carry warehouses on their survival. Answers to this question that gained credit included buying in relatively small quantities at reasonable prices, accessibility with large car parks, variety of goods which can be examined before purchase and special offers which could be passed on to customers.

(b) Candidates fared better with this part, giving three well explained reasons for the survival of small shops such as offering services, serving a local area and offering personal service. Some candidates mistook the question for the survival of sole traders generally, and did not gain credit for such answers as one owner and receiving all the profits.

(c) Unfortunately, candidates misread customers as consumers, not the retail customers (the small shops), and so wrote about nearness to housing, nearness to city centre and factory workers buying food. Masuku Foods suddenly became a retail outlet in this part, instead of being a cash and carry. Better candidates answered in terms of the question, mentioning low rates on an industrial estate, small shops likely to be among the housing, grouping with other businesses which might supply goods and close to centres of population which also might have shops, i.e. their customers. Poorer candidates presented very confused answers and consequently gained few marks.

Question 4

Although many candidates showed understanding of insurance agents, many confused them with insurance brokers. Some candidates showed little knowledge of the proposal form and the policy and failed to link them with insurance principles, such as utmost good faith and indemnity. On the other hand, some very detailed answers were received, showing clear understanding of the functions of both these documents. In part **(c)(i)**, many candidates realised that the degree of risk and any possible hazards on the premises would affect the premium. Others tried to write extensively about over-insurance and under-insurance. Most candidates scored the two marks for insurance risks, but those who did not read the question carefully lost a mark for giving fire insurance.

Question 5

This popular question produced many quality answers.

(a)   This part was usually accurately answered.

(b)   Many candidates could have scored more than the four marks allocated for this part.

(c)   Answers were contained on the diagram, so credit transfer was not acceptable for part **(ii)**. Many candidates thought that mortgage payments would be paid either by a mortgage or by a loan rather than direct debit. Standing order was also accepted for this question as it can be altered as interest rates change.

(d)   Answers showed that candidates have considerable awareness of changes in banking practices as the result of technology. Internet and telephone banking were often described and many candidates mentioned ATM machines, the increasing use of credit cards and computer transfer of funds to other countries. Few candidates mentioned the effects of information technology on the management of banks, for example, redundancy of banking staff and reduced personal service for customers.

Question 6

This question was least frequently chosen on the paper. Some candidates selecting it had detailed knowledge of the overall subject but others would have been well advised to have chosen an alternative question. The export merchant is a middleman of international trade who buys products for export, finds buyers for those products and makes his profit from the sale. In Part **(b)**, a wide variety of documents was accepted, such as the bill of lading, the air waybill, the charter party, the insurance policy, the indent, the invoice, the consular invoice and the certificate of origin. All these were mentioned. The documents of home trade were not accepted. Some candidates were able to show the importance of quotas and licences in foreign trade and most candidates confused airport authorities with customs authorities, instead of showing that they are responsible for the running of airports.

When a question is asked about the problems of international trade, candidates have no difficulty in scoring marks. When the question is reversed and the problems are posed, as in part **(d)**, candidates are not so secure in their answers. Language would be a problem in international trade because it would be necessary to hire interpreters, to be proficient in the buyer's language when selling and instructions would need to be in many languages. Distance might cause problems, such as more opportunities for theft and damage as well as higher costs of transport and storage.

Question 7

(a)   Although most candidates could state four features of a sole trader, such as one owner and risk taker, some candidates mistook the sole trader for a retailer and talked about credit and delivery.

(b)   The calculations were usually accurate and well set out. The Own Figure Rule was used if the first figure was wrong.

(c)   Most candidates could name two expenses for this part.

(d)   However, candidates gave superficial answers to this part, such as increase revenue and reduce expenses. To gain full marks, candidates needed to explain how Mr Manana could increase revenue, for example by introducing new products or reducing expenses, e.g. cutting down on advertising. Some candidates suggested that he should switch off the lights when there were no customers in the bakery.

(e)   Answers were usually well related to the scenario, but many candidates thought that extra capital would immediately mean more profit.

Question 8

(a)   Many candidates showed good understanding of forms of transport and were able to recommend suitable transport for each of the cargoes.

(b) On the other hand, this part produced variable results, with some detailed knowledge of the advantages and disadvantages of transporting goods in containers being shown and also some weak answers concentrating on lack of damage and theft. Some candidates described these as advantages, e.g. protection against breakage, and then gave them also as disadvantages, e.g. probability of breakage.

Question 9

Questions in this format require precise knowledge of the terms. Some candidates were able to give this and scored full marks, relating their answers very clearly to a large retailer. Others confused bar codes with branding, did not understand rate of stock turn and wrote about cash discount instead of trade discount. Comments on pricing and stock control were given marks in part **(a)**. The formula for the rate of stock turn was rewarded.

Question 10

Although questions on communication are always popular choices on the paper, many candidates did not score very high marks for this particular example.

(a) The main purposes of communication, such as to obtain information and to give orders were not identified. Candidates tended to give examples of communication methods instead.

(b)(i) Candidates failed to appreciate the significance of the word 'within', and wrote about contact with customers and trade rather than storing information, accessing information, the use of e-mail in a business and the preparation of documents and other printed materials.

(ii) In contrast, this part was well answered, with many candidates commenting on viruses, cost, unauthorised access and the impersonality of computers.

(c) Answers were often repetitive, with the Internet used for every example. Text processing, desktop publishing and databases were rarely mentioned.