

# CONTENTS

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FOREWORD .....	1
COMMERCE .....	2
GCE Ordinary Level .....	2
Paper 7100/01 Paper 1 .....	2

## FOREWORD

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This booklet contains reports written by Examiners on the work of candidates in certain papers. **Its contents are primarily for the information of the subject teachers concerned.**

# COMMERCE

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## GCE Ordinary Level

<p>Paper 7100/01</p>
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<p>Paper 1</p>
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### General comments

The Commerce Paper for June 2004 was accessible to most candidates. Candidate performance, as always, was variable with many very well prepared candidates producing work of a very high standard. These candidates were able to demonstrate sound commercial knowledge. They wrote in detail and were able to express themselves very clearly and at length. They applied their knowledge to the questions chosen and related their understanding of commercial topics to the scenarios and data presented.

Weaker candidates often showed little understanding of the questions chosen. They often had a poor command of English and were not able to express themselves very clearly.

Candidates often illustrated their answers with relevant local examples of commercial practice and made good use of commercial terminology. The questions involving calculations were often well answered.

Answers were usually well presented with good use of paragraphing and clear handwriting. Some candidates' work was difficult to read but these were in a minority.

Some candidates disobeyed the rubric and wrote answers to all the questions instead of the five questions required. Most candidates had adequate time to answer the five questions required although some candidates who had written at length on the earlier questions in their scripts, appeared to rush their last answer.

It is still noticeable that many candidates need more practice in examination technique. They tended to write at length when statements or words were required and did not always present developed answers where there was a higher mark tariff. This was particularly apparent in **Question 3 (a)** where four services of a wholesaler were required for four marks and not four paragraphs. Candidates should look at the words which begin questions in relation to the mark allocations for those questions. If a question says "State" or "Name" such as in **Question 7 (d)(i)** it means that a short answer is required and the answer is usually worth one mark. If a question requires a candidate "To explain", and the majority of questions require such an approach, there needs to be a more developed answer to gain a greater mark allocation. The very good candidates paid attention to the command words of the questions and so adjusted their responses to the parts of the questions accordingly and so often earned all the marks.

Most questions attracted a large number of responses. **Question 7** was particularly well answered with many candidates gaining full marks. **Question 10** was the least popular on the paper and candidates often had difficulty with **Questions 2** and **4**.

### Comments on specific questions

#### **Question 1**

This question is usually on the general introduction to the syllabus, but on this occasion other topics were tested. It differentiated well with some candidates scoring high marks particularly on part **(a)** and others showing little knowledge of bank drafts, forwarding agents and export agents. Many candidates confused a bank draft – a cheque drawn by a bank on itself or another bank – with an overdraft. Few candidates had precise knowledge of forwarding agents – responsible for arranging the transport, insurance, storage, documentation of exported goods and export agents – responsible for finding buyers, having specialist knowledge of a country and earning commission.

**Question 2**

Part **(a)** was well answered but some candidates did not give enough information to gain full marks. In part **(b)** candidates from many Centres showed good understanding of bar codes and Pricebuy's website but often confused point-of-sale advertising with advertising in general and regional distribution centres with retail outlets. Point-of-sale is advertising where the customer will see it when purchasing goods e.g. at the till. A regional distribution centre is a warehouse positioned to supply several branches of the supermarket with a given area so that the supermarkets maintain their supplies.

**Question 3**

Part **(a)** allowed most candidates to score full marks. Part **(b)** was more demanding with candidates having to comment on the retailer's need to make profits, cover expenses and offer services to the customer. Many candidates commented on retailers dealing in units while the wholesaler deals in bulk. In part **(c)** many candidates wrote long essays about exploitation by wholesalers but the better candidates commented on the growth of large-scale retailing, manufacturers opening their own retail outlets, the growth of mail order and improvements in transport and communication and so gained full marks. In part **(d)** many candidates wrote about the functions of the wholesaler again without relating their answer to the small-scale retailer. Other, better candidates concentrated on voluntary chains, cash and carry, foreign traders and the needs of the small-scale retailer.

**Question 4**

Most candidates attempting this question found parts of it quite demanding. Good examples of insurable and non-insurable risks were given in part **(a)**. Many candidates could explain contribution although some wrote that it was the payment of premiums. The cover note was well understood although some confused it with a claim. The average clause was not generally understood – the concept of preventing the insured from making a profit from underinsurance but candidates showed good knowledge of the principle of utmost good faith.

**Question 5**

Many candidates attempted part **(a)(i)** without any reference to the map. Some marks were allowed for this. Part **(a)(ii)** was well answered with a variety of responses ranging from more employment and increased revenue to improving international relations and the standard of living in the countries. Answers to part **(b)(i)** were often muddled with answers often out of context – no reference to shoes. The advantages of sea and air transport were usually shown and so candidates scored marks. In part **(b)(ii)** the port authority was often confused with a customs authority or a list of functions of a port authority was given without any reference to the trader.

**Question 6**

Some good understanding of brands was shown in part **(a)**. Examples of brands would have helped some candidates. Candidates were able to relate reasons for advertising closely to the new brand of soap in part **(b)(i)** and produced some good answers. They were also able to comment on the benefits of television advertising but often failed to appreciate that Solomon Ltd needed to appeal to a mass market. In part **(c)** many candidates were able to show the connection between advertising, lower prices and economies of scale. Others concentrated on penetration pricing and competition. Some very worthwhile answers were given to this part of the question.

**Question 7**

This question overall was well answered. Candidates were able to give one characteristic of each type of business organisation and to show two advantages of each. There was some confusion about public limited companies – ownership by the government was a common error. Answers to part **(c)** were often very comprehensive with reference to cheaper raw materials, cheap labour and inward investment. The calculations were usually accurate but some candidates confused the number of noughts. There was good understanding of the features of ordinary shares.

### Question 8

This question covered a wide range of topics and was generally well answered. Candidates were able to comment on the need for insurance in part **(a)** with examples of risks but often failed to mention the danger of bankruptcy if a risk occurred with no insurance. Some good reasoned answers were received to part **(b)** with most candidates appreciating that Mrs Sibanda could sell the goods and pay for them from the revenue received. A wide range of reasons was given for packaging goods such as to prevent damage, to display the brand, to help advertising and aid handling. In part **(d)** the current account was commented upon accurately but some candidates confused a night safe with an ATM.

### Question 9

Some full answers were received for part **(a)** but there was sometimes a lack of precise knowledge about loans. In part **(b)** comment on different interest levels was awarded no marks. Answers which gained credit included the need for a large amount, for a specific purpose e.g. a new machine, expansion and for a long period. A comprehensive list of information was often seen in response to part **(c)(i)** and the calculation in part **(c)(ii)** posed no problems. Some candidates, however, described retained profits rather than explained why the building company might use them to finance a project e.g. to save paying interest, no repayment, no liability and to finance the project more quickly.

### Question 10

Some candidates attempting this question did not have the precise knowledge required to gain good marks. The bill of lading was usually understood but the charter party was rarely known. Many candidates did not show the connection between the delivery note and road transport. In part **(b)** some candidates wrote about the advantages of road transport instead of the advantages of owning the lorries. In part **(c)** candidates usually chose telephone, fax or e-mail but tended to write generally rather than concentrate on the benefits to the business.