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## FOREWORD

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><b>Paper 7100/01</b> <b>Multiple Choice</b></p>
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<i>Question Number</i>	<i>Key</i>	<i>Question Number</i>	<i>Key</i>
1	D	21	A
2	C	22	A
3	B	23	C
4	D	24	A
5	D	25	B
6	A	26	D
7	B	27	B
8	B	28	B
9	C	29	D
10	C	30	B
11	D	31	A
12	A	32	A
13	D	33	C
14	A	34	C
15	A	35	D
16	C	36	B
17	B	37	D
18	B	38	A
19	C	39	C
20	D	40	D

### General comments

7600 candidates sat this four-option items multiple choice paper consisting of forty questions. This was the first multiple choice examination set to a large number of candidates using the revised syllabus for Commerce. The paper covered all the major topics on the syllabus with some questions involving pictorial or diagrammatic data and some asking candidates for calculations.

The mean mark was 17.325 with a standard deviation of 6.225. No candidate scored below 3 marks and no candidate achieved full marks.

**Comments on specific questions**

Candidates found the following questions relatively easy and most candidates answered them correctly: **Questions 1, 5, 7, 8, 10, 14, 15, 18, 22, 27, 28** and **35**. Some of these questions involved calculations, e.g. **Questions 8** and **28**, and some involved interpretation of data e.g. **Question 7**.

Many candidates did not know the answers to some of the questions and seemed to be guessing at the correct answer. In these items the number of candidates choosing each option was almost the same e.g. **Questions 4, 6, 19, 21, 23, 24, 31, 36, 37** and **39**.

**Question 2** caused some problems with many candidates choosing Option **A** rather than Option **C**, the correct answer. **Question 3** proved to be very difficult for most candidates with more candidates choosing Option **C** rather than **B**, the correct answer. **Question 9** caused problems with many candidates confusing mark-up with gross profit. The calculation set in **Question 11** was correctly answered by some candidates but it was obvious that there was an element of guesswork. Most candidates chose either Option **A**, the correct answer, or Option **C** for **Question 12**. The majority of candidates answered **Question 13** correctly but some candidates thought that an ATM provided personal service.

**Question 16** caused problems with more candidates choosing Option **D**, recorded delivery, rather than the correct answer, Option **C**. The features of methods of communication was not known in **Question 17** with many candidates selecting Option **D** rather than the correct answer, **B**. **Question 20** caused problems possibly because of the phrase 'cost-effective'. Few candidates answered this question correctly with many candidates choosing national commercial television rather than trade journals.

**Question 25** on bonded warehouses had a fairly low facility with many candidates choosing Options **C** and **D** rather than **B**. Many candidates failed to identify the diagram as indicating pooling of risks in **Question 26**. The need to import goods in **Question 29** was not understood with more candidates choosing Option **A** rather than the correct one, Option **D**. **Question 30** attracted many correct answers but some candidates probably guessed at the answer. The topic of trading blocs was understood by many candidates in **Question 32** which had a reasonable facility.

Public corporations in **Question 33** were confused with public limited companies. Many candidates chose Option **D** instead of Option **C**. Options **A**, **B** and the correct answer, Option **C**, all attracted a large number of candidates in **Question 34**. This question, like others requiring precise information, caused many candidates problems.

Half the candidates answered **Question 38** correctly but the other three options attracted considerable numbers of candidates. In **Question 40**, the role of a consumer council was not understood by many candidates with Options **B** and **C** often being chosen instead of Option **D**, the correct answer.

**Paper 7100/02****Paper 2****General comments**

This examination was part of the first set of papers set to large numbers of candidates using the new Commerce Syllabus. Paper 2 required the candidates to answer four questions from eight rather than five from ten but the format of the questions was broadly similar to those set using the former syllabus.

The paper proved to be quite challenging for most candidates. Some candidates achieved very good marks and showed a good knowledge of commercial practice. Their answers were well developed and they showed a good command of English. They wrote at length, discussed the topics chosen and used valid examples. They were, however, in the minority.

Large numbers of candidates achieved marks below 20. They had no understanding of the questions set, often wrote out the question with little or no answer or misunderstood the questions. They often gave answers which mentioned a few commercial words often with no relevance to the question or gave very superficial answers to most parts of the questions chosen. One of the main reasons for the poor standard of work of these candidates was difficulty with the language of the paper. Their English skills were minimal and so they were severely handicapped when trying to answer any of the questions chosen.

The time allocation for the paper seemed to be more than adequate with little evidence of incomplete papers because of time constraints. 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, 4, 5, 6 and 8** were the most popular questions chosen by most candidates. **Questions 2, 3** and particularly **Question 7** were less popular. No question caused particular difficulty to well prepared candidates. Parts of each question were designed to be easy for all candidates e.g. **Question 1 (a)** and **Question 8 (b)**. Parts of each question were designed to be more demanding and proved to be accessible only to the better candidates e.g. **Question 1 parts (c) and (d), Question 4 (c), Question 5 (b)**.

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 3 part (c)(iii)** and **Question 8 (c)**. Most candidates 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.

Presentation of answers was generally good with answers well set out and clear numbering of questions chosen being shown.

**Comments on specific questions****Section A****Question 1**

This popular question usually enabled all but the very weakest candidates to score some marks. Part **(a)** was usually accurately answered. Candidates usually understood the terms 'manufacturer' and 'consumer' in part **(b)**. Few candidates scored marks in part **(c)**. The concept of 'value added' was not understood with many candidates confusing it with costs, profits, mark-up or describing the chain of production. Answers which attracted marks described how the raw cotton became more valuable as it went through the stages of production e.g. cotton is harvested, processed into cotton thread, woven into cloth, cloth is cut, stitched together, other items are added such as buttons, zips, it is branded, packaged, stored, advertised and transported. This is a new area of the syllabus and it is important that teachers study these comments and prepare their candidates for this topic.

Part **(d)** produced some excellent answers with candidates showing a thorough knowledge of the benefits of division of labour to a clothing manufacturer. Some candidates, however, wrote about specialisation by country, comparative advantage and the need to make profits rather than the benefits of specialisation in the context of the clothing manufacturer. Answers to part **(d)** were often disappointing with many candidates misreading the question and describing unfair trading practices rather than how consumers might protect themselves against such practices e.g. by checking goods, reporting unfair practices, using reputable retailers and watching consumer programmes.

**Question 2**

A wide variety of answers to part **(a)** were accepted. Some candidates related their answers to setting up a retail business. Others tended to give the advantages of being a sole trader. Both approaches were accepted. Some candidates failed to read the question in part **(b)** carefully. Answers relating to the location of the business were accepted. Other factors such as capital were not rewarded. The question asked for three factors with a reason for each. Some candidates gave a list but only three factors could be given marks. In part **(c)** again a wide variety of approaches were given marks. It was decided that a case could be made out for the use of any of the four by a small-scale retailer so no marks were awarded for choice. Candidates tended to choose after sales service and packaging and give reasons for rejecting loyalty cards and electronic point of sale.

**Question 3**

Candidates were usually able to score marks on parts of this question. Most candidates understood the functions of an enquiry although some reversed the buyer and the seller. In part **(b)** candidates were expected to show how Tan Enterprises would deal with the problem – apologise, send another price list by email or fax. Some candidates reversed this and so did not achieve marks. Perhaps the question was not entirely clear for them. Many candidates scored well on part **(c)(i)** where general answers and answers specific to particular documents were accepted. Part **(c)(ii)** enabled most candidates to score two marks but it should be noted that the enquiry, quotation, price list and catalogue were not accepted. Most candidates had some understanding of trade and cash discount but many failed to answer the question in the context of Tan Enterprises and so did not score as many marks as they should have done. Part **(c)(iv)** caused some problems for candidates who did not consider the context of the question – standing order and direct debit were not appropriate for this transaction. Such methods of payment as cheques, bank drafts, credit cards, debit cards, credit transfer as well as international means of payment were accepted.

**Question 4**

Although part **(a)** was meant to provide two easy calculations for candidates, many attempted calculations involving the total credit amount of \$125bn or went beyond the calculation of \$42bn to find a new percentage figure. Candidates should pay attention to the values in such questions – they need to give the percentage-sign/dollar-sign/indicate billions in their answers. Part **(b)** showed that many candidates had little understanding of the differences between hire purchase (not higher) and extended credit. Precise information was required to gain marks. In part **(c)** candidates fared rather better with many identifying a bank loan or hire purchase as the most suitable type of credit for buying a car and credit card for paying a hotel bill. Many candidates seemed to think that a hotel bill was likely to be small – probably not the case in many parts of the world. Part **(d)** required some extended writing. Many candidates confined themselves to a discussion of credit cards not the increased use of credit in general. Many recognised the safety benefits of not carrying cash but most omitted consideration of the advantages of increased sales to retailers and providers of services.

**Question 5**

This popular question enabled many of the candidates to score quite well. Part **(a)** produced some well-constructed answers showing the importance of a warehouse to Mrs Chang's business. Part **(b)** was more demanding with many answers concentrating on the ability of large-scale retailers to buy in bulk. Some candidates misread the question and explained why retailers buy from manufacturers rather than manufacturers selling directly to retailers. In part **(c)** the cash and carry was well understood. Both positive and negative reasoning were accepted for part **(c)(ii)**. Answers to part **(c)(iii)** were often disappointing with candidates giving strategies that had already been adopted e.g. discounts, credit, delivery. Better answers included comment on advertising, forming a voluntary chain with small-scale retailers and changing the business, e.g. selling online or by mail order or directly to consumers.

**Question 6**

Many candidates coped quite well with the demands of this question. Part **(a)** proved more difficult than was at first thought with many of the weaker candidates having no conception of a multiple chain. Answers that gained credit included the benefits of centralised control, economies of scale such as marketing and advertising, losses of one shop covered by the rest and the advantages of having several look-alike shops in many parts of the country.

Candidates who could identify with the scenario scored well in part **(b)(i)** and easily identified and explained three difficulties of trading in another country. Some listed several difficulties but scored only three marks. In part **(b)(ii)** candidates were able to show the advantages and disadvantages of a partnership in context and many gained maximum marks. This often gave them a good basis for making a judgement in part **(b)(iii)**.

**Question 7**

This question was probably the least popular on the paper. In part **(a)** utmost good faith was usually chosen as the principle of insurance. In part **(b)(i)** and **(ii)** few candidates gave adequate suggestions. Some concentrated on discount and some commented on the relationship of risk to the premium charged. The calculation in part **(c)** caused few problems but the work of the insurance broker in part **(d)** was often confused with that of an agent or even an actuary. Part **(e)** did not produce the range of answers expected with many candidates concentrating on advertising. Some candidates confused the word nationwide with expanding internationally. Others looked at methods of extending the business such as forming a private or public limited company.

**Question 8**

Many candidates chose this question and were able to score some marks. There were very few outstanding responses to all parts of the question. In part **(a)** many candidates were able to give some advantages and disadvantages of owning your own transport but some candidates misinterpreted the question and wrote about the advantages and disadvantages of road transport generally or about being a sole trader. Part **(b)** enabled most candidates to score some marks as both delivery van and refrigerated lorry were accepted for part **(b)(i)** and container lorry and heavy goods vehicle were accepted for part **(b)(ii)**. Part **(c)** proved to be quite demanding for the majority of candidates. Most were able to comment on their chosen method of gaining two more delivery vans but often failed to give sufficient depth to their answers on why the other two options were less attractive in order to reach Level 3. It was obvious that many candidates had no understanding of leasing but they were able to appreciate that two second-hand vans might break down and that a bank loan could be paid back out of income made from the vans.