

# COMMERCE

**Paper 7100/12**  
**Multiple Choice**

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

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 2, 9, 22 and 31** and some requiring candidates to undertake calculations such as **Questions 17, 18, 32, 35 and 40**.

The mean was 27.601 with a standard deviation of 5.930. There were 1315 candidates. The highest score was 38 marks and no candidate scored below 14 marks. A very good standard of work was exhibited.

Candidates found the following questions relatively easy and a high facility was achieved – **Questions 1, 2, 4, 7, 9, 10, 14, 19, 20, 21, 22, 23, 32, 33, 36 and 38**. Some of these items were pictorial. The numerical questions were often accurately answered.

Candidates found only a few of the questions particularly difficult and these achieved a fairly low facility. In **Question 8** all options attracted many responses indicating that many candidates did not know the main function of finance houses and so were guessing at the answer. Option D, providing hire purchase, was the correct answer. The other services are provided by other financial institutions.

**Question 29** caused problems for many candidates with the majority of candidates choosing Option A as the answer. Butter could be stored in a warehouse but would need to be kept in cold storage. Coal - Option B was the correct answer as it can be kept outside and will not deteriorate over time.

Although the majority of candidates selected Option C – the correct answer – in **Question 39**, all other options attracted many responses indicating an element of guessing. Leasing as a concept is not always understood by candidates. It means renting without ownership to gain the benefits of having machines or vehicles for a short time and being able to replace them as required or when the company wishes to update them. Leasing is particularly suitable for using office machinery such as computers and also for motor vehicles.

# COMMERCE

**Paper 7100/13**  
**Multiple Choice**

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

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data and some requiring candidates to undertake calculations.

The mean was 22.549 with a standard deviation of 6.411. There were 144 candidates. The highest score was 37 marks and no candidate scored below 5 marks.

Candidates found the following questions relatively easy and a high facility was achieved – **Questions 1, 2, 3, 4, 8, 22** and **25**. Some of these items were pictorial. The numerical questions were often accurately answered with only **Question 40** presenting difficulties for a large number of the candidates.

Candidates found some questions particularly difficult and may have guessed at some of the answers. In **Question 16**, Option B attracted as many responses as the correct answer, Option D. Road and rail transport can be used between countries on a large continent so Option B could not be correct. In **Question 21** it was obvious that candidates had no understanding of the post office service of *poste restante* – Option B, as many candidates chose either Option C or Option D. All options in **Question 23** attracted a number of responses suggesting that candidates were guessing at the answer. Option B was the correct answer. Options A and D apply to a bill of lading but not to an air waybill.

Although many candidates chose Option C, safeguarding customers' money, in **Question 31**, the other options attracted candidates showing that there is some confusion about the functions of commercial banks. **Question 32**, again on banking services, caused difficulties for some candidates. Option C was the correct answer but many candidates chose either Option B or Option C. In **Question 33** more candidates chose Option B – credit transfer rather than Option D – direct debit. Direct debit is used by companies because transactions can be computerised and payment is instigated by the creditor, not by the payee so ensuring payment.

**Question 39** caused difficulties. There was an element of guessing with more candidates selecting Option A than the correct answer, Option B. Shareholders do not earn fixed interest on ordinary shares. Interest is variable. **Question 40** on turnover and mark-up proved too demanding for some candidates. The correct answer was Option D but many candidates calculated the answer as \$24 000 having deducted the expenses.

# COMMERCE

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Paper 7100/22

Written

## Key messages

Some candidates need to develop their answers to questions with a high mark tariff. They need to answer in context and use examples where applicable. Brief notes are unlikely to gain high marks.

All candidates should study the command words and key words in each question as well as the mark allocation for each question.

Candidates should learn succinct and accurate definitions of commercial terms to improve performance.

## General comments

In Paper 2 candidates are required to answer four questions from a choice of eight. Most of the questions set covered more than one topic from the syllabus. The most popular questions were **Questions 1, 3, 4, 6 and 8**. The least popular question was **Question 5**.

The standard of work was extremely good with many candidates achieving very high marks and some candidates gaining full marks for the paper. The best candidates showed sound commercial knowledge and an ability to develop an answer in context. There was much evidence of good preparation, coaching in examination technique and constructive revision before the examination. These well prepared candidates presented some detailed answers and were able to make reasoned judgements in the context of the questions set. Poorer candidates omitted parts of the questions they had chosen and wrote very short answers often in note form.

The eight questions set contained some easy parts e.g. **1(a)(i), 2(c), 3(a), 4(a), 5(a), 6(a)(i) and (c), 7(a) and 8(a)**. There were also subsections in each question that were much more challenging e.g. **1(d), 2(d), 3(b), 4(d), 5(c), 6(d), 7(e) and 8(d)**. Many of these carried a higher mark tariff than the easier questions.

Some candidates continue not to answer at the appropriate level of skill. In this connection, the command words beginning each question are particularly important.

Assessment Objective 1 tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. Questions beginning 'Name, Give, State' confirm that the question is at this level. An example of this type of question is **Question 1(a)**.

Assessment Objective 2 tests candidates on their ability to apply their knowledge in the context of the question. Command words such as 'Explain, Explain why, How, Give an example' are command words used for questions testing this objective. An example of this type of question is **Question 2(b)(i) and (ii)**.

Assessment Objective 3 requires candidates to select, interpret or analyse a problem or situation presented in the question. Candidates are expected to offer reasoned answers. Often the analysis is combined with evaluation as the evaluation is based on reasoning to form a conclusion. Questions such as **8(d) and 7(e)** are examples of this. Command words such as 'Compare, Analyse, Calculate, Identify' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. Question **8(e)** asks candidates to make a judgement about the choice of advertising media in relation to a new brand of toothpaste. Command words such as 'Discuss, Evaluate, Do you consider, Recommend' are command words used to test this objective.

One part of each of the questions set was marked according to Levels of Response e.g. **1(d)**, **2(d)**, **3(b)**, **4(d)**, **5(c)**, **6(d)**, **7(e)** and **8(e)**. Many candidates wrote well-structured and developed answers with reasons for their opinions in answer to these questions. Some candidates wrote short statements or lists of points and so achieved only Level 1 marks. For this type of question it is important, first of all to study what is required in the question – an opinion, a recommendation or a choice with reasons – and then to follow these requirements. It is also important to look at both sides of the argument and then to offer a conclusion. Points should be developed – saying why something is important or why something is the better choice. Candidates will then achieve the higher level and so gain good marks. These questions did, however, differentiate between the good candidates, of which there were many, and the poorer candidates.

Few candidates failed to answer the four questions required. Most answers were clearly presented with candidates writing at length in many of their responses. Some writing was difficult to read. It is important that candidates write clearly so that the Examiner can identify easily the points that are being made.

### Comments on specific questions

#### Question 1

- (a) (i) Most candidates scored both marks with answers covering increased output, the quality of products and improvements in efficiency.
- (ii) Where candidates understood the concept of added value, there were many examples such as zips, buttons, pockets and logos. Some candidates did not appreciate where manufacture ended and marketing began. No marks were awarded for delivery, advertising and display.
- (b) There many good answers that looked at the benefits of home trade or the problems of international trade or a combination of both.
- (c) This question proved to be more demanding. Sometimes candidates did not read the question carefully enough and gave a list of the benefits of selling through a wholesaler rather than giving an explanation of two factors regarding the decision to sell *only* through wholesalers. Answers that gained credit included the fact that large-scale retailers may have been more demanding in terms of price and standard of product, wholesalers may deal in larger bulk and so clear production lines and by using wholesalers, the tracksuits are able to be sold through different retail outlets.
- (d) Many detailed answers were seen in response to this question with full marks often gained. Some candidates, however, listed the aids to trade or briefly described them without context or wrote generally about some aspects of advertising.

#### Question 2

- (a) (i) Many candidates achieved the two marks by giving an accurate definition of rate of turnover but a significant number confused rate of turnover with turnover.
- (ii) The formula for net profit was often accurately given.
- (b) (i) Many candidates realised that the rate of turnover could be improved by increasing sales or advertising more. Few mentioned holding less stock or looking for better terms from suppliers.
- (ii) Again answers tended to concentrate on increasing turnover and so improving gross profit rather than looking for ways of reducing expenses such as cutting wastage or reducing the wage bill.
- (c) Many candidates achieved full marks but some candidates seemed to think that the bank statement helped to maintain her cash flow rather than provide her with financial information.
- (d) Candidates' understanding of Internet banking seems to be improving. There were many good answers highlighting the convenience of Internet banking whilst commenting on its impracticability in certain circumstances such as negotiating loans and obtaining cash.

### Question 3

- (a) Features of hypermarkets as distinct from other types of retail outlets were not always given. Points that gained credit included selling a wide variety of goods, car parking, very large store, larger than supermarkets, located between centres of population, on the outskirts of towns and cities and providing additional facilities such as restaurants and petrol stations.
- (b) Most candidates were able to score well on this location question. Most answers favoured Site A because of the greater potential market. Some good reasoning and thoughtful conclusions were given.
- (c) Some candidates covered the benefits of road transport very well but many used the words quicker or cheaper with any qualification. Many candidates failed to appreciate the need for another form of transport if rail is used. Many candidates failed to answer this question in the context of the hypermarket and the delivery of many kinds of goods, many of which are perishable.
- (d) Again some candidates failed to appreciate the context of the building of the new hypermarket and the need for long-term finance. Answers such as overdrafts and borrowing from friends and family gained no credit. Most candidates were able to identify two sources of finance but were less secure on the reasoning for their choices.

### Question 4

- (a) Most candidates achieved full marks for this question. Some candidates believed wrongly that companies have unlimited liability and that partnerships have a separate legal existence.
- (b) Most candidates answer the two parts of this question accurately.
- (c) (i) Usually well answered with good understanding of the importance of a Deed of Partnership being shown especially as a means of resolving any future difficulty with the partnership.  
(ii) Some candidates showed a good understanding of the need for the use of registered post when sending the Deed of Partnership to the partners. Others seemed to confuse registered post with the need to register the partnership.
- (d) This question on multinationals proved to be difficult for many candidates. Many candidates appreciated the features of multinationals or of public limited companies, but were unable to link the two with regards to the size of the businesses and their need to raise capital. Others wrote about public limited companies being in public or government ownership and so multinationals being in state ownership. Some gave the benefits of multinationals to their host countries – not the question asked.

### Question 5

- (a) Most candidates were able to explain underinsurance and to show why many people under-insure.
- (b) Most candidates achieved full marks and mentioned documents and principles of insurance that applied when taking out insurance. A logical order to the steps taken would have improved some answers.
- (c) This question proved to be demanding for some candidates. Most appreciated the nature of indemnity. Some indicated how much compensation would be given. The best answers looked at the concept of averaging and the value of the jewellery and whether or not it was insured.
- (d) (i) Valid reasons were usually given mentioning non-insurable risks, the size of the risk and lack of value for the item to be insured.  
(ii) Candidates displayed a good understanding of the principle of insurable interest and were able to show that you could not insure a property that you did not own because you would not suffer any financial loss.

### Question 6

- (a) (i) Candidates usually scored full marks for this question.
- (ii) Many candidates failed to answer this question in the context of the furniture manufacturer and so lost the second mark.
- (iii) Many candidates confused the delivery note with an advice note. The delivery note accompanies the goods send, the advice note is sent in advance to inform the buyer that goods have been despatched.
- (b) Two benefits of having an Internet website were required. Many candidates wrote generally about online selling and so lost marks. Few mentioned interactive websites.
- (c) Most candidates knew of the legal rights of consumers but many went outside the scope of the question by considering legal redress or prosecution of the seller. Repairing the chair was probably not a realistic option.
- (d) There were many balanced discussions of this question showing the advantages of the extended market for the furniture and the covering of risks by being in more than one centre against the increased costs of setting up in shopping centres. Most candidates recommended opening the three shops. Only a few candidates suggested that opening one shop to see how successful it might be would be a better course of action.

### Question 7

- (a) Answers were often disappointing with many candidates unable to go beyond the speed of air transport and the distance involved. Good answers explained why speed was important for some products such as fragile goods or perishable goods.
- (b) (i) There was little understanding of electronic transfer of funds. Electronic transfer is used because it is reliable, exchange rates can be easily calculated, it is fast and it is easy to use as the transfer is undertaken by the banks.
- (ii) The use of a credit card by the exporter was generally understood but some candidates thought that it would be used to pay for consignments of goods rather than for personal use.
- (c) Candidates usually mentioned collection of customs duties, enforcement of quotas and inspection of goods. Few mentioned the supervision of bonded warehouses.
- (d) The advantages of using telephone instead of email were usually clearly explained but some candidates misread the question and wrote about the advantages of email.
- (e) Many found this question very difficult and often wrote irrelevantly about the difficulties of exporting. Some candidates were able to comment on difficulties of distance associated with transport and also communication. Only a few candidates appreciated that advances in transport, e.g. the growth of air freight, and in communication, e.g. email and text messages, reduced the problems associated with distance.

### Question 8

- (a) Most candidates calculated the total price of the tube of toothpaste correctly.
- (b) Candidates tended to concentrate on the purchasing economies achieved by large-scale retailers. Some mentioned selling toothpaste as a loss leader and a few wrote about lower cost selling methods used by large-scale retailers such as self-service so leading to reduced prices.
- (c) (i) The calculation was usually accurate but some candidates had the incorrect number of zeros in their answer.
- (ii) There were many good answers that commented on the costs of manufacturers being lower because of economies of scale and the high costs of distribution to many different outlets.



- (d) The best answers showed how the brand, logos, information and advertising are followed through onto the packaging of products. Weaker answers wrote about the functions of packaging and reasons for advertising but did not make any connection between the two.
- (e) Some in-depth answers were seen in response to this question commenting on each of the media in turn and making a realistic and reasoned recommendation to complete the answer. Some candidates wrote about their chosen advertising medium and made no comment on the others. Other candidates confused trade magazines with more general magazines.

# COMMERCE

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Paper 7100/23

Written

## Key messages

Candidates need to develop their answers to questions with a high mark tariff. They need to answer in context and use examples where applicable. Brief notes are unlikely to gain high marks.

Candidates should study the command words and key words in each question as well as the mark allocation for each question.

Candidates should learn succinct and accurate definitions of commercial terms.

## General comments

In Paper 2 candidates are required to answer four questions from a choice of eight. The questions set covered more than one topic from the syllabus. The most popular questions were **Questions 1, 2, 6, 7 and 8**. The least popular questions were **Questions 3 and 4**.

The standard of work was variable with many candidates achieving very low marks. The better candidates showed sound commercial knowledge and an ability to develop an answer in context. These candidates presented some detailed answers and were able to make reasoned judgements in the context of the questions set. Poorer candidates omitted parts of the questions they had chosen and wrote very short answers, often in note form. Some attempted to answer all the questions on the paper.

The eight questions set contained some easy parts e.g. **1(b), 2(a)(i), 3(a)(i), 4(d), 5(d), 6(a), 7(a) and (d)(i), 8(a) and (c)(ii)**. There were also subsections in each question that were much more testing e.g. **1(c), 2(d), 3(b), 4(e), 5(c), 6(c) and (d), 7(b) and 8(b)(i)**. Many of these carried a higher mark tariff than the easier questions.

Some candidates continue not to answer at the appropriate level of skill. In this respect, the command words beginning each question are particularly important.

Assessment Objective 1 tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. Questions beginning 'Name, Give, State' confirm that the question is at this level. An example of this type of question is **Question 2(b)**.

Assessment Objective 2 tests candidates on their ability to apply their knowledge in the context of the question. Command words such as 'Explain, Explain why, How, Give an example' are command words used for questions testing this objective. An example of this type of question is **Question 6(b)(iii)**.

Assessment Objective 3 requires candidates to select, interpret or analyse a problem or situation presented in the question. Candidates are expected to offer reasoned answers. Often the analysis is combined with evaluation as the evaluation is based on reasoning to form a conclusion. Questions such as **2(d) and 5(c)** are examples of this. Command words such as 'Compare, Analyse, Calculate, Identify' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. **Question 6(d)** asks candidates to make a judgement about ways of improving sales revenue in relation to a holiday company. Command words such as 'Discuss, Evaluate, Do you consider, Recommend' are command words used to test this objective.

One part of each of the questions set was marked according to Levels of Response e.g. **1(d)**, **2(d)**, **3(b)**, **4(e)**, **5(c)**, **6(d)**, **7(b)** and **8(b)(i)**. Some candidates wrote well-structured and developed answers with reasons for their opinions in answer to these questions. Many candidates wrote short statements, lists of points or some brief comments and so achieved only Level 1 marks. For this type of question it is important, first of all to study what is required in the question – an opinion, a recommendation or a choice with reasons – and then to follow these requirements. It is also important to look at both sides of the argument and then to offer a conclusion. Points should be developed – saying why something is important or why something is the better choice. Candidates will then achieve the higher level and so gain good marks. These questions did, however, differentiate between the good and the poorer candidates.

Some candidates answered all the questions on the paper instead of making a choice. Few candidates failed to answer the four questions required. Most answers were neatly presented but clearer English would have improved the performance of many candidates and some writing was difficult to read. It is important that candidates write legibly so that the Examiner can identify easily the points that are being made.

### **Comments on specific questions**

#### **Question 1**

- (a)** Some answers repeated the question. Few candidates mentioned the creation of utility. Good examples were usually given.
- (b)(i)** Candidates were able to link the truck driver with production showing how this person is concerned with tertiary production.
  - (ii)** Candidates often mentioned the pop singer as offering a direct service by providing entertainment.
- (c)** Most candidates failed to develop their answers to this question. They mentioned natural resources and education as well as the fact that some countries were developed and others were developing but often did not contrast one country with another.
- (d)** Many worthwhile answers were seen to this question. Candidates often presented developed answers showing why the Internet is essential for businesses to be productive such as for communication, finding out information, marketing and helping businesses to be competitive. Some candidates attempted to look at the Internet from a more negative point of view mentioning the dangers of fraud and cybercrime.

#### **Question 2**

- (a)(i)** The correct percentage was usually identified.
  - (ii)** The total value of the independent shops' share of the biscuit market was usually correctly calculated.
- (b)** Most candidates were unable to show similarities between multiples and supermarkets. They wrote mostly about small independent shops and supermarkets and gained few marks. Answers that gained credit included many branches, self-service, centralised functions such as purchasing, branch managers and accepting credit card payments.
- (c)** This proved to be quite a difficult question for some candidates. Answers should have included the fact that supermarkets buy in bulk and so are important customers, biscuit manufacturers still want to promote their own brands and that there are large markets for branded biscuits in a variety of outlets.
- (d)** Many candidates wrote about the reasons for packaging goods rather than applying the question to the packaging of biscuits. They usually looked at the positive reasons – protection, aids to display and hygiene. They often omitted the down side of packaging – over use, wastage of materials and multiple wrapping of biscuits.
- (e)** This question was well answered with most candidates gaining some marks. Most candidates mentioned returning the biscuits with receipt to the supermarket, replacements and refunds. Some candidates suggested doing nothing or not buying those biscuits again.

### Question 3

- (a) (i) Many candidates confused the public sector enterprise with a public limited company. Public sector enterprises are owned by the state and usually provide a service to the public.
- (ii) Advantages that could have been mentioned were providing a free service to consumers and operating in the public interest so not so concerned with profit.
- (b) Some candidates discussed all three options with valid reasons. The majority wrote about only one of the options and so lost marks. The command word 'Discuss' indicates that all three options should have been discussed with a reasoned recommendation made at the end of the discussion.
- (c) (i) Many vague answers were seen usually relating to the sole trader. Examples of privately owned businesses such as partnerships and private limited companies would have gained marks.
- (ii) Advantages included flexibility, control of profits and easy decision making.
- (d) (i) Most candidates were able to explain public liability insurance and employers' liability insurance but were not able to say why they were necessary. The provision of cover and compensation in the event of claims should have been mentioned.
- (ii) Answers that gained marks included the degree of risk involved, past records of claims and the amount of cover required.

### Question 4

- (a) (i) The correct company, Wing Fashions, was usually identified.
- (ii) The abbreviation E & OE was not usually known. It means Errors and Omissions Excepted and means that the sender of the credit note is able to correct a mistake that may have been made when preparing the credit note.
- (b) Candidates identified some actions that the seller would take when the shirts were returned. Many candidates omitted the financial changes that would have to be made e.g. entering details of the credit note on Wing Fashions' statement of account and reducing the balance by \$600.
- (c) The reasons for giving trade discount such as encouraging repeat business and bulk orders were usually known.
- (d) Answers either related to specific documents or discussed commercial documents generally.
- (e) Some knowledge of trade credit was shown but answers were usually one-sided – relating to the buyer or the seller. Many candidates forgot the main benefit to the buyer – that the goods could be sold before the debt has to be paid and the money then used to pay the debt, so aiding cash flow.

### Question 5

- (a) (i) Some reasonable answers were seen but candidates need to be sure that, with this type of question, they are making a clear distinction between the two methods of payment e.g. debit cards provide immediate payment, credit cards postpone payment.
- (ii) Most answers to this question concentrated on the greater possibilities of fraud as well as the delays in clearing cheques. The fact that many customers now prefer to use debit and credit cards was rarely mentioned.
- (b) The calculation was usually correct.
- (c) Many candidates discussed the use of debit and credit cards but detailed analysis of Plan A and Plan B was often omitted. Few candidates mentioned the effects of offering a 10% price reduction for cash on the cash flow of the retailer.
- (d) Many candidates appreciated the need for care in handling computers. Some candidates assumed that the retailer bought in bulk and so did not need the services of a wholesaler.

### Question 6

- (a) (i) and (ii) The two years were correctly identified by most candidates.
- (b) (i) and (ii) Some candidates found these calculations difficult. Others presented two accurate answers with clear working shown. 29% was accepted as an answer to (b)(ii).
- (iii) It is important that this type of question is answered in context. Answers that gained credit included prices being too high, more competition from other holiday companies, poor service offered and less people going on holiday because of the economic downturn.
- (c) Some candidates misread this question and concentrated on increasing sales rather than discussing reducing expenses. Many candidates wrote about reducing wages, reducing other costs such as printing and relocating to where rents are cheaper.
- (d) Rather superficial answers were seen to this question. Most candidates concentrated on special promotions as a way of increasing sales revenue. Some debated the arguments for and against selling only online and produced some worthwhile answers. Unfortunately some candidates misread the third option as moving their premises to other areas rather than looking at other areas of the travel business such as special interest holidays or cruises.

### Question 7

- (a) Candidates were able to identify two benefits of trading with other countries but they lost marks by failing to explain these benefits, e.g. disposing of surpluses so that they could earn foreign currency.
- (b) Most candidates showed that they had little understanding of the work of intermediaries in foreign trade despite two examples being given in the question. Answers should have concentrated on the functions of each of the intermediaries and also looked at the disadvantages, such as commission and divided loyalties if they are working for more than one company.
- (c) Some answers mentioned the need for statistics to calculate the Balance of Trade and the Balance of Payments but too many candidates wrote about other functions of customs officers such as enforcing quotas and supervising bonded warehouses. These were outside the scope of the question.
- (d) (i) Candidates were able to show why goods need storage before transport but few mentioned the importance of bonded warehousing for dutiable goods.
- (ii) Most candidates appreciated that containers themselves provide the warehousing and that they protect goods stored inside from theft and weather.

### Question 8

- (a) (i) Many candidates gained marks for this question but it is insufficient to say that railways are cheap and fast without saying why or how. They are relatively cheap for carrying high volume, low value goods. They may be fast over long distances compared with road transport.
- (ii) Many candidates were able to show that lack of investment by governments and the preference for more flexible transport such as road contributed to the decline of railways in many countries.
- (b) (i) Some candidates showed that they had no knowledge of working capital and so should not have attempted this question. Others were able to show the need for working capital for a business to operate from day to day and what it was used for e.g. buying stock and paying wages. Only the best candidates mentioned that a shortage of working capital could lead to a business being unable to meet its commitment and being unable to trade advantageously e.g. take advantage of discounts.
- (ii) Most candidates concentrated on the inability to meet interest payments and eventual bankruptcy.

- (c) (i)** Answers to this question tended to concentrate on the advantages of rail and road transport in general rather than look at the question in context. Answers that gained credit included avoidance of congested roads, stations might be in centre of the airport and the centre of the city and the need to carry goods to the airport for onward transportation.
- (ii)** Most candidates were able to give two airport services to assist passengers such as check-in, trolleys, shops and restaurants. Some candidates gained no marks because they did not relate their answers to passengers. Security was accepted.