COMMERCE

Paper 7100/11
Multiple Choice

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

General comments

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1, 6, 12, 18** and **24** and some requiring candidates to undertake calculations such as **Questions 13, 14, 15, 29** and **40**.

The mean score was 24.427 with a standard deviation of 5.501. There were 630 candidates for this examination. The highest score was 39 marks and no candidate scored below 7 marks. A good standard of work was exhibited.

Comments on specific questions

Candidates found the following questions relatively easy and a high facility was achieved - **Questions 2, 5, 7, 12, 14, 18, 19, 20, 21, 27, 32** and **37**.

Candidates found some of the questions particularly difficult and these achieved a fairly low facility. In **Question 3** Option A proved to be a positive distracter. Option D was the correct answer. After-sales service

builds goodwill between retailer and customer and helps to increase the sales of the manufacturer by encouraging repeat business from customers.

All options in **Question 6** attracted responses. The correct answer was Option B because it would help the buying power of the small-scale retailer, but many candidates chose Option C as providing credit is likely to attract some customers.

In **Question 8**, Option B was a positive distracter. Option C was the correct answer. Consumer protection laws do not help customers return goods they do not like. This is down to the goodwill of the retailer concerned and the relationship between customer and retailer.

In **Question 16** more candidates chose Option A than the correct one, Option D. There would not be a common price structure across the market area.

In **Question 23** the majority of candidates correctly chose Option C but both Options A and B attracted a considerable number of responses.

Most candidates answered **Question 26** about warehousing correctly but a number of candidates selected Option D – the provision of space for the manufacture of goods.

Question 35 caused problems for some candidates. If there is no partnership deed, profits are shared equally among the partners i.e. Option B. Many candidates chose Option C – in proportion to the capital invested. If there had been a partnership deed, it is likely that this is how the profits would have been shared.

Questions on the rate of turnover sometimes cause problems for some candidates and this was the case with **question 40**. There were responses to all four options showing an element of guessing and no real understanding of how to calculate the rate of turnover. Option C was the correct answer. Rate of turnover is calculated by dividing cost of goods sold by the average stock held. The average stock is $40 000 + $60 000 divided by 2 = $50 000. Cost of goods sold is $500 000 so the rate of turnover is $500 000 divided by $50 000 = 10.

COMMERCE

Paper 7100/12

Multiple Choice

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

General comments

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1, 8, 10, 20** and **26** and some requiring candidates to undertake calculations such as **Questions 13, 14, 15, 31** and **40**.

The mean score was 23.710 with a standard deviation of 6.534. There were 3291 candidates for this examination. Seven candidates achieved 39 marks and no candidate scored below 5 marks. A good standard of work was exhibited.

Comments on specific questions

Candidates found the following questions relatively easy - **Questions 1, 2, 4, 5, 7, 13, 22, 23, 24, 37** and **38**, and a high facility was achieved for each of them.

Candidates found some of the questions difficult and these achieved a fairly low facility.

In **Question 9** many candidates chose Option C instead of Option D, the correct answer. Trade discount is not offered to consumers so could not be correct.

In **Question 10** showing four channels of distribution, many candidates chose Option A as their answer rather than Option C, the correct answer. Manufacturers of bread are unlikely to sell bread directly to customers. It is a perishable product so needs to be assessable to customers through retailers – Option C.

In **Question 12** it was evident that many candidates did not understand the function of a credit note with both Options A and C attracting many responses. Option B was the correct answer.

In **Question 21** there seemed to be an element of guessing with all options attracting large numbers of responses. A trade association is likely to undertake collective advertising so Option B, advertising milk as a product, was the correct answer.

n **Question 25** many candidates thought that a final demand for payment would be sent by business reply service or cash on delivery. The sender would need to know that the demand had been received so Option D, registered post, was the correct answer.

In **Question 27** all options attracted responses suggesting an element of guessing. The consignment note as the document used with hired transport was not fully understood. Option A was the correct answer.

Option D proved to be a positive distracter in **Question 28**. Option B was the correct answer.

Question 31 caused difficulties for some candidates. Option D was the correct answer – premiums received + investment income – administrative costs + claims by policy holders. Many candidates thought that the answer was Option C – the premiums received or Option B – claims by policy holders. The differences between the means of payment offered through banks are not always understood by candidates.

In **Question 34** direct debit – Option C – is the most suitable for paying several bills, of varying amounts at irregular intervals. Bank giro would have been suitable for many bills payable at the same time, cheque might be used for one payment and standing order for bills at regular intervals of set amounts.

COMMERCE

| Paper 7100/21 |
| Paper 2 |

Key messages

- Candidates should try to develop their answers to questions with a high mark tariff and give reasoned answers rather than lists of points. They need to answer in context and use examples where applicable. They need to discuss the arguments both for and against the question posed.

- Candidates need to use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.

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

- Candidates should show workings in the questions requiring calculations.

- Candidates should learn accurate definitions of commercial terms as these are often tested.

General comments

In Paper 2 candidates are required to answer four questions from a choice of eight. All the questions set covered more than one topic from the syllabus. All questions attracted responses. **Question 5** was the least popular.

The standard of work overall was good with the better candidates showing 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. They achieved full marks in response to a variety of questions including some of the high mark tariff questions. Weaker candidates omitted parts of the questions they had chosen, wrote very brief answers or listed points, even when explanations were required.

Some candidates do not answer questions 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 with command words such as 'Name', 'Give' or 'State' show that the question is at this level. Examples of this type of question were **Question 2(a)(i)** and **4(b)(iii)**.

Assessment Objective 2 tests candidates on their ability to apply their knowledge in the context of the question. Examples of this type of question were **Questions 5(b)** and **7(b)**. Command words such as 'Explain', 'Explain how', 'Describe' and 'Give an example' are command words used for questions testing this objective.

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 **(c) (ii)** and 3 **(d)** are examples of this. Command words such as 'Compare', 'Analyse', 'Calculate' and 'Explain why' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. **Question 4(e)** asks candidates to make a judgment about how involved Armit, as a cattle farmer and primary producer, is in

commerce. Command words such as 'Assess', 'Discuss', 'Evaluate', 'Do you consider', 'Recommend', 'Using evidence' and 'To what extent' are used to test this objective.

In the questions allocated only one mark such as **Questions 4(b)(iii)** and **8(c)(ii),** most candidates wrote a brief answer. Candidates lost marks in questions such as **5(d)(ii)** and **8(c)(i)** where they were asked to explain two reasons for two marks each and gave only a stated point so failing to gain the second mark.

One part of each of the questions set carry a higher mark tariff and was marked according to Levels of Response e.g. **1(e)**, **2(d)**, **3(d)**, **4(e)**, **5(d)(i)**, **6(b)(ii)**, **7(e)** and **8(a).** Candidates who wrote well-structured and developed answers with reasons for their opinions were able to gain the higher level marks. Candidates who wrote short statements, lists of points or some brief comments remained in Level 1. For this type of question it is important, first of all to study what is required in the question – evidence, 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 or to provide a discussion of options and then a reasoned 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 higher marks.

A few candidates selected questions, started writing an answer, crossed it out and attempted alternatives. A few candidates answered all the questions on the paper instead of making a choice. Few candidates did not answer the four questions required but many omitted part questions. Most answers were clearly presented. The standard of English was generally good with clear paragraphing. Some writing was difficult to read especially when the writing was very untidy. 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)   Most candidates were able to explain that a factory is a place where the manufacture of finished goods takes place

(b)   This question was quite well answered with candidates able to link the use of spades and other garden tools to activities in farms and gardens. Better candidates linked their answers to the satisfaction of human wants and needs.

(c)   Few candidates answered this question correctly, instead giving answers relating to the production stage such as painting and adding a handle rather than processes that take place after production such as packaging, branding, advertising and transport.

(d)(i)   Most candidates could identify a chain of distribution but often did to answer in the context of garden tools.

(ii)   Candidates showed a good knowledge of warehousing and often achieved full marks for comment on protection, storage, seasonal demand and enabling production to be ahead of demand.

(e)   Most candidates understood the term 'division of labour'. Many presented list of advantages and disadvantages without any reasoning. Arguments for division of labour included greater output, better quality and better developed skills. Arguments against the use of division of labour included boredom and problems with the production line if someone was absent. Some candidates thought that it would be expensive as Cam Tools would need to take on more labour. The greater use of machinery on a production line so saving labour costs was often omitted.

Question 2

(a)(i)   Candidates often mentioned car parking, variety of shops, easy access and additional facilities as features that would attract shoppers.

(ii)   This question proved to be quite testing for candidates and was often not well answered. Answers that gained credit included the provision of a range of shops that would attract shoppers, both large and small units being available in the shopping centre and the benefits to be gained from overall advertising of the shopping centre and greater security.Candidates who discussed large-scale and

small-scale retailers separately often scored no marks as comment consisted of bulk buying, cheap prices, self-service and small-scale retailers purchasing from large-scale retailers.

(b) Candidates found this question accessible and were able to offer two ways in which retailers in the shopping centre might increase their sales turnover. Sales promotions and loss leaders were often mentioned. Offering credit, using more advertising and providing different goods all gained credit. Some candidates lost marks by failing to explain how their suggestions would increase sales turnover.

(c) (i) Most candidates were able to identify a business risk – usually fire or theft.

(ii) Many candidates showed that business failure is a non-insurable risk for which there are no past records so no premium could be set. Some mentioned that the construction company might deliberately cause the failure in order to claim.

(d) Most candidates showed understanding of informative and persuasive advertising but many answers related to either individual shops or to individual products and so did not score many marks. Answers in context mentioned giving information about the location of the shopping centre and its opening hours and the need to tempt shoppers from other shopping centres.

Question 3

(a) This calculation was usually correct.

(b) (i) Candidates who related their answers to customers had no difficulty answering this question with fast service and a recognisable brand name being popular answers.

(ii) Many candidates mentioned training, providing supplies and advertising but some candidates incorrectly thought that the franchisor provided all the finance and also provided the manager of the restaurant..

(c) Most candidates thought that Baseway should purchase directly from the manufacturer to take advantage of bulk buying and economies of scale. Some mentioned that food is perishable and so better purchased directly from the manufacturer. Answers that recommended purchasing from wholesalers commented on the variety provided and constant supplies.

(d) Candidates achieved marks for commenting on popular demand for fast-food, the ease of setting up franchises, the growing demand by people who wish to set up businesses as franchises and the resources of multinationals enabling them to fund and organise a chain of franchised businesses.

(e) Most candidates presented some limited comment on whether or not Baseway's activities would benefit Country A. Often the comment was confined to the advantages e.g. more employment, increased tax revenues and training offered. Some candidates commented on the threat to local businesses and also on the movement of profits out of the country. Some candidates commented on Baseway improving the infrastructure of the country and this was regarded as irrelevant in terms of the question asked.

Question 4

(a) Candidates were asked to describe two commercial documents used after the order for cattle feed was placed. Many had no difficulty with that but some described the quotation used before the order is placed and so gained no marks. Others failed to describe the documents they had named.

(b) (i) The question asked how communication would be used. Good answers commented on the use of the Internet to give details of the cattle, email to contact buyers and set up delivery times and telephone to contact potential buyers or to discuss terms. Some candidates gave generic answers rather than mentioning methods of communication and how they might be used to sell cattle.

(ii) Some candidates understood the use of the trade journal as a specialist magazine for buyers and sellers within a trade. They commented that detailed information could be given and it could be kept to be referred to later.

(iii)   Candidates often gave an example of mass media such as television or radio. These were not accepted, candidates earned marks for the Internet, posters, billboards or direct mail.

(c)   Some candidates were able to discuss Amrit as a trader and using trade and some of the aids to trade such as advertising, transport and communication to sell his cattle. Others omitted comment on either trade or the aids to trade or wrote about Amrit as a primary producer with no involvement in commerce.

Question 5

(a) (i)   Most candidates scored the mark for transported goods but some incorrectly gave a method of transport instead.

     (ii)   Candidates were able to give some functions of forwarding agents but many thought, incorrectly, that they were concerned with buying and selling goods.

(b)   Candidates were expected to comment on bank services offered with current accounts, methods of payment through banks and paying money into accounts as well as the transfer of money.

(c)   Most answers mentioned the speed of aircraft, larger planes, bigger airports as well as the increased volume of perishable and fragile cargoes.

(d) (i)   Some answer to this question lacked detail, mentioning certainty of delivery, costs and flexibility when using your own transport. The context of the forwarding agent was sometimes missing and most candidates did not appreciate that this was a large-scale business already owning aircraft and vehicles.

     (ii)   Most candidates appreciated the high cost of owning ships. Some mentioned the volume of cargo needed when using ships. Others commented that Pushalong might operate from a land-locked country so ships would not be appropriate.

Question 6

(a) (i)   Most candidates scored the one mark for surplus.

     (ii)   Most candidates scored the two marks for two correct calculations. Working was usually shown.

(b)   Many candidates were able to explain various restrictions on imports such as import duties and quotas and possible effects on home industries. Few referred to the data given in the question or explained the effect of a deficit on home trade and the currency or wrote of the likelihood of retaliation by countries from which imports came.

(c) (i)   Some candidates were able to identify three services offered at seaports to exporters such as storage, docks, offices, seaways and security. There was some confusion about services offered by customs officials such as the collection of duties and those offered by port authorities.

     (ii)   Reasonable understanding of containerisation was shown by the majority of candidates who wrote about the protection provided, easy trans-shipment, groupage of mixed cargo and storage provided in the container itself.

     (iii)   Some candidates achieved full marks for this question mentioning collection of duties, checking documents, checking cargoes for prohibited goods, collection of statistics and the supervision of bonded warehouses.

Question 7

(a) (i)   Candidates usually mentioned the narrow range of goods or a single product.

     (ii)   Candidates usually commented on both the speciality store and the department store as regards the range of goods, the location of each or the size of each kind of store.

(b)   Answers ranged from the use of computers to calculate accounts, total bills and undertake stock control to the use of computers to help security and for communication – email and the Internet. Most candidates presented developed answers..

(c)   Candidates were able to give two circumstances when telephone would be used but often did not provide sufficient information to gain the second mark. Many answers related to emergencies, the failure of a network, chasing up bad debts and the introduction of new products to regular customers.

(d)   Although some candidates thought this question concerned physical protection, most candidates related their answers to faulty goods and explained why it was in the best interests of the retailer to maintain customer loyalty.

(e)   Some good comment was seen on the advantages to a retailer of accepting credit cards such as increased sales, greater competitiveness and less cash held on the premises. The arguments against accepting credit cards were less well-developed – delays in receiving the money and credit card fraud, Some candidates thought that the retailer would gain from the interest charged instead of being charged commission by the credit card company and others thought that the retailer received the money immediately.

Question 8

(a)   Many candidates presented a good discussion of the advantages and disadvantages of both shops. The better candidates commented on the costs of each shop and the arguments for leasing or owning the shop. Weaker candidates repeated all the data given as a list without any comment. Most offered a recommendation, usually Shop A.

(b)   Many candidates recognised that setting up a business as a sole trader was risky with difficulties of raising capital, excessive workload and being responsible for the losses in the event of failure. Some omitted the term unlimited liability but were able to describe the consequences of failure.

(c) (i)   Answers usually mentioned compensation linked to some business risks. Better candidates wrote of the need for business confidence especially as she is a sole trader.

   (ii)   The proposal form was not always known as the document used when applying for insurance.

   (iii)   Some candidates implied that insurance brokers were dishonest and gained no marks. Others achieved marks for being able to obtain more details from insurance companies and saving on the broker's commission.

(d)   Some candidates suggested taking a partner or borrowing from friends and family, but most candidates recommended taking a bank loan. Some were able to support this choice but others gave superficial comment about borrowing a large amount over a long period of time.

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Key messages

- Candidates should try to develop their answers to questions with a high mark tariff and give reasoned answers rather than lists of points. They need to answer in context and use examples where applicable. They need to discuss the arguments both for and against the question posed.

- Candidates need to use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.

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

- Candidates should show workings in the questions requiring calculations.

- Candidates should learn accurate definitions of commercial terms as these are often tested.

General comments

In Paper 2 candidates are required to answer four questions from a choice of eight. All the questions covered more than one topic from the syllabus. All questions attracted many responses and were accessible to candidates.

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. They achieved full marks in response to a variety of questions including some of the high mark tariff questions. Weaker candidates omitted parts of the questions they had chosen, wrote very short answers or lists of points, even when explanations were required..

Some candidates did not answer questions 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 with command words such as 'Name', 'Give' or 'State' show that the question is at this level. Examples of this type of question are **Question 1(a)(ii)** and **Question 2(a)(i)**.

Assessment Objective 2 tests candidates on their ability to apply their knowledge in the context of the question. Examples of this type of question were **Questions 2(d)** and **3(a)**. Command words such as 'Explain', 'Explain how', 'Describe' and 'Give an example' are command words used for questions testing this objective.

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 **4(c)** and **6(c)** are examples of this. Command words such as 'Compare', 'Analyse', 'Calculate' and 'Explain why' suggest that a question is testing this objective.

Assessment Objective 4 tests candidates' ability to make judgements or recommendations. **Question 1(d)** asks candidates to make a judgement about whether or not it is more difficult to sell in the global market than in the home market. Command words such as 'Assess', 'Discuss', 'Evaluate', 'Do you consider', 'Recommend', 'Using evidence' and 'To what extent' are used to test this objective.

In the questions allocated only one mark such as **Questions 1(a)(i)**, **3(b)(iii)** and **5(a)(ii)** most candidates wrote a brief answer. Some candidates lost marks in questions such as **5(a) (iii)** and **6(b)** where they were asked to explain and gave only a stated point so failing to gain the second mark.

One part of each of the questions set carry a higher mark tariff and t was marked according to Levels of Response e.g. **1(d)**, **2(a)(ii)**, **3(d)**, **4(d)**, **5(b) (iii)**, **6(e)**, **7(e)** and **8(d)**. Candidates who wrote well-structured and developed answers with reasons for their opinions were able to gain the higher level marks. Candidates who wrote short statements, lists of points or some brief comments remained in Level 1. For this type of question it is important, first of all to study what is required in the question – evidence, 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 or to provide a discussion of options and then a reasoned 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 higher marks.

A few candidates selected questions, started writing an answer, crossed it out and attempted alternatives. A few candidates answered all the questions on the paper instead of making a choice. Few candidates did not answer the four questions required but many omitted part questions. Most answers were clearly presented.

Many candidates started each question on a new page and this helped to make their answers much clearer. The standard of English was often good with clear paragraphing but some candidates struggled to write coherent sentences and found expressing themselves very difficult. Some writing was difficult to read especially when the writing was quite small or very untidy or where the writing on the reverse side of the paper was showing through. It is important that candidates write clearly so that the Examiner can identify easily the points that are being made. It would also be helpful if candidates could answer their chosen questions in the order in which they are listed on the examination paper.

Comments on specific questions

Question 1

(a) (i) Answers were often correct with candidates identifying primary industry as being involved in A on the diagram.

(ii) A wide variety of answers was accepted ranging from adding components, stitching, cutting and processing to packaging and branding. Answers that were not concerned with the manufacturing process such as distribution and storage were not accepted.

(iii) Most candidates were able to identify two aids to trade and to explain their uses in the distribution of goods.

(b) Many candidates understood specialisation but did not explain clearly two advantages to the manufacturer such as greater efficiency because of the increased use of machinery and production of standardised products on a production line where division of labour could be used.

(c) Many candidates were able to show that the global market is more difficult than the home market and gave a reasoned opinion, explaining several difficulties of trading overseas. Some candidates attempted to show that the global market is now much easier for trading because of better communication and the importance of the Internet.

(d) Answers that gained marks included electronic transfer – fast, computerised transfer of funds between banks, letter of credit – issued by the importer's bank and sent to the exporter to guarantee payment for the goods, bill of exchange – a promise to pay a debt at a future date and bank draft – cheque drawn on the bank on payment of the debt. Pay Pal was also accepted. Some candidates gained no marks because they gave a home-based means of payment or they suggested the use of credit cards or money orders – more applicable for personal use.

Question 2

(a) (i) Most candidates were able to give two examples of home shopping. Some candidates gave e-commerce and the Internet and so gained only one mark.

(ii) Although many candidates were able to discuss the arguments for and against home shopping from the point of view of the retailer, some candidates were under the impression that the retailer was undertaking the home shopping and purchasing from wholesalers and manufacturers. Other candidates gave a one-sided answer, such as the benefits only, and so gained only a proportion of the marks.

(b) Although credit card or debit card were the expected answers, several other means of payment applicable to the more traditional kinds of home shopping such as mail order were accepted. These included cash on delivery and cheques. Some candidates did not gain all the marks for this question because they did not explain how the means of payment would be used.

(c) (i) Many candidates gave correct examples of sales promotion but were unable to explain what was meant by the term. Sales promotion is a method of boosting sales, usually for a short period to introduce new products or dispose of old stock. It should be remembered that it is not advertising.

(ii) Methods of appeal are devices used within an advertisement to tempt consumers such as romance, colour, love of animals, ambition and sponsorship by a famous person. All would have been applicable to home shopping.

(d) Answers that gained credit included sending goods by parcel post – delivered by postal service, charged according to weight, sending goods by letter post if lightweight, sending goods by courier using delivery vans or using the company's own delivery service.

Question 3

(a) Candidates who answered in the context of the question about a company manufacturing carpets scored all the marks for this question mentioning the cost of the site, availability of labour, transport routes and the likelihood that land would be available for expansion. Some candidates lost marks by writing about nearness to raw materials and less pollution, which were not relevant in the context of a carpet manufacturer.

(b) (i) Candidates who commented on both the current account for daily banking and the deposit account for saving surplus funds to earn interest scored well. Some candidates presented brief answers or did not mention the deposit account.

(ii) Candidates usually commented on the need for advice when in financial difficulty or when planning to expand. Few candidates mentioned wanting to export or if a takeover bid was suggested by another company.

(iii) Most candidates scored the one mark for a bank loan.

(c) This question on warehousing was well answered with candidates usually gaining full marks for answers that included the need for storage, protection of the carpets, display to potential customers and awaiting sale.

(d) Some candidates obtained full marks for an accurate discussion of the advantages and disadvantages to BB Pty Ltd of becoming a public limited company. They mentioned the ability raise capital on stock exchanges, limited liability for shareholders, ease of raising capital from bankers and the ability to hire specialised management. They also commented on the danger of take-over bids from other companies, separation of ownership and management and loss of personal contact as the company becomes larger. Other candidates did not score marks because they mistakenly thought that becoming a public limited company meant government ownership and becoming part of the public sector.

Question 4

(a) Many candidates were able to show why Faria was sent a quotation but some candidates confused the quotation with an enquiry.

(b)(i) The correct answer was advice note. Some candidates thought the answer was the delivery note which accompanies goods.

(ii) Although some candidates confused the statement of account with a bank statement and others confused it with an invoice, many candidates were able to state three purposes of the statement of account.

(c) Many candidates were able to show that Faria was able to postpone payment so aiding cash flow and being able to sell the goods before payment was due. Some did not undersatnd see that purchases would be made on a regular basis and that buying on credit would build up a relationship between Faria and the wholesaler, so enabling goods to be returned more easily.

(d) Many candidates wrote well structured answers based on the list of documents given in the question. Candidates could achieve full marks by justifying the need for documents in commercial transactions to provide proof of transactions, record- keeping and to counteract fraud. Some candidates gave examples of when documents would not be required such as when very small payments are made or when payments are made in cash.

(e) Some thoughtful answers were seen to this question. Candidates commented that Faria might be a small-scale retailer and so would not want to make bulk purchases, the wholesaler might offer credit and delivery, or the wholesaler might save her storage space and bear the risk of out-dated goods.

Question 5

(a)(i) A wide range of functions of a retailer were accepted and most candidates scored two marks.

(ii) Candidates usually gave an example of a type of large-scale retailer but some gave the name of a shop instead.

(iii) Although many candidates could produce two well reasoned responses, others lost marks for not develop their answers. Answers that gained marks included large-scale retailers' ability to bulk buy and to obtain discounts which could be passed on to consumers in lower prices and the variety of goods offered leading to one-stop shopping.

(b)(i) Many candidates were able to show that retailers required insurance but lacked the detail required to earn full marks. Examples of insurance risks helped to extend answers which tended to concentrate on protection against financial loss and compensation against loss. Better candidates mentioned the need to build business confidence and the transfer of risk to the insurer.

(ii) Many candidates calculated the premium correctly and showed their working. Some forgot that the premium was $28 for every $50 000, attempted to multiply $400 000 x 28 and so produced an unrealistic premium.

(iii) Stronger candidates showed good understanding of the pool of risk and what it is used for and were able to reason that the level of premium paid is affected by the level of risk but may also depend on the size of the pool of premiums. Some candidates mentioned only that premiums charged often relate to the risk

Question 6

(a)   Most candidates reasoned that Tippo Industries should supply customers directly and were able to justify their answers. Those who suggested that supplying through wholesalers and retailers was better were able to show that it might save on costs of storage and delivery and that wholesalers and retailers were likely to buy in larger quantities.

(b)   Although most candidates could name two methods of communication, some candidates did not show clearly enough when they would be used. Fax was accepted as an answer but it was felt that teleconferencing and videoconferencing would be unlikely when handling orders.

(c)   Candidates gained some marks for this question by writing about what the consumer would need to do if the furniture was faulty. Some candidates commented that consumers are now more aware of their rights and that they often needed the backing of a consumer organisation to give them success when making a complaint.

(d) (i)   Many candidates realised that Tippo Industries would not offer informal credit to its customers as they were unlikely to be known to the company, Tippo Industries was dealing in large amounts of money and there was the risk of bad debts.

(ii)   Unfortunately many candidates gave formal credit as the answer to this question. Answers that gained the mark included hire purchase, credit card, extended credit and also trade credit, as it was thought to be applicable to some customers.

(e)   Candidates were required to discuss whether or not Tippo Industries should continue to use local transport firms for its deliveries or change to owning its own transport. Many candidates offered a one-sided answer which limited their marks. Others gave superficial comment on owning instead of hiring. They did not appreciate that using local transport firms has always been successful, so unless circumstances have changed and it is economically viable, why consider changing to owning vehicles.

Question 7

(a)   Most candidates were able to explain the purpose of trade and mentioned both buying and selling.

(b) (i)   Candidates usually gave a brief answer to this question mentioning competition, fall in demand for doors and windows, the economic climate or poor quality.

(ii)   Candidates were able to give two ways in which sales revenue might be improved but some did not give some description for the second mark. They might mention sales promotion but did not give an example. They suggested improving the quality of the products but did not suggest that Yobe Ltd might look for other suppliers of components.

(c)   It was hoped that this question would be answered in the context of selling the doors and windows in other countries but most candidates did not look further than the traditional chain of distribution i.e. wholesaler to retailer to consumer and this was rewarded. Better contextual answers would have been broker/agent to retailer to consumer or selling to export merchant to retailer to consumer.

(d)   Most candidates could explain why it is important for Yobe Ltd to advertise on the Internet mentioning that the company is selling at home and abroad and so needs an advertising medium that reaches worldwide. Some mentioned the detailed information that could be given, that it is available 24/7 and that orders could be placed online.

(e)   This question on containerisation produced some well explained answers supporting the use of containers for the transport of Yobe Ltd's doors and windows. Many candidates did not mention the disadvantages associated with the use of containers especially for carrying fragile goods. The need for extra packaging may lead to greater costs. Containers may be misrouted. Containers are often lost overboard from ships. There may be insufficient doors and windows to justify the cost of a container. Although the advantages of containerisation undoubtedly outweigh the disadvantages, failure to mention some disadvantages limited the marks awarded.

Question 8

(a) (i) Most candidates identified the cost of refining a litre of petrol from Fig. 3.

(ii) Although most candidates calculated the tax paid as a percentage of a litre of petrol as 40%, a number used the wrong figures.

(iii) Some candidates identified three items such as transport, advertising, storage, communication and branding as possible marketing and distribution costs. Others thought that oil, refining and tax were marketing costs.

(b) Good answers commented that garages are likely to offer other services such as repairs and maintenance, provide a shop selling newspapers and essential groceries or provide personal service to customers who may live near to the garage.

(c) Candidates with a good understanding of Balance of Payments had no difficulty applying their knowledge to oil companies. They commented on oil being a visible commodity which might be exported to another country so contributing to the Balance of Payments. They also mentioned that if a country needed to import oil from oil companies because it could not produce the product itself this might adversely affect the Balance of Payments.

(d) The best answers discussed valid advantages and disadvantages of each type of transport and then analysed them with sound application relating to oil companies moving their products. They recommended the best two types of transport, making a judgement based on their preceding analysis. Weaker answers offered some comment in a limited way – the pros and cons of some of the types of transport. Although tanker and pipeline were considered by many to be the most likely types of transport to move oil products, some candidates failed to read the question carefully and recommended only one type of transport, so limiting their marks.