

# COMMERCE

**Paper 7100/11**  
**Multiple Choice**

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

## General comments

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 4, 11, 12, 21** and **30** and some requiring candidates to use numerical data such as **Questions 6, 14, 15, 18** and **40**.

The mean was 22.96, somewhat lower than in 2016, with a standard deviation of 5.393. There were 683 candidates for this examination. The highest score was 39 marks and no candidate scored below 6 marks. A reasonable standard of work was exhibited.

Candidates found the following questions relatively easy and a high facility was achieved – **questions 4, 7, 8, 9, 11, 21, 27, 31, 34** and **36**. Three of these were pictorial questions.

Some questions caused difficulties to candidates and these achieved a fairly low facility.

### Comments on specific questions

In **Question 2**, about value added to cloth in the manufacturing of a pair of jeans, many candidates thought that designing the jeans was part of the manufacturing process and so chose Option **A**. Option **D**, stitching the jeans was the correct answer.

A low facility was also achieved for **Question 3** where many candidates chose Option **D** – tasks are completed in less time. This is an advantage to the factory owner, not to the factory worker, because it should result in increased output. Option **A**, jobs take less time to learn, was the correct answer.

In **Question 15**, a numerical question, many candidates selected Option **B**, \$7500, deducting the cash discount from the original value of \$10 000. Option **C**, \$7600, was the correct answer, achieved by deducting cash discount from \$8000 i.e. \$10 000 less the trade discount.

In **Question 22** most candidates thought that businesses are likely to send urgent and confidential documents by courier i.e. Option **A**, the correct answer, but Option **B**, the internet attracted quite a number of responses.

In **Question 23** many candidates thought that you do not receive compensation if a registered item is lost. This is not true. Option **D**, speed of delivery was the correct answer. Registered mail does not assist the speed of delivery.

In **Question 24** most candidates chose Option **B**, the correct answer but a significant number of candidates thought that Option **C** was the right answer.

All options in **Question 28** attracted responses. Option **C**, the general wholesaler's warehouse was the correct answer.

In **Question 29** Option **D** proved to be a positive distractor and both Options **B** and **C** attracted many responses suggesting that there was an element of guessing in this question. A business partner can insure the life of his partner – Option **A**. A property owner cannot insure a neighbour's house because he does not own it and so has no financial interest in it. Bad management is a non-insurable risk as it is impossible to measure bad management as a risk. A tenant cannot insure her rented flat as she does not own the flat and so has no financial interest in its loss.

Responses to **Question 32** about deposits at commercial banks showed that candidates did not understand the question. There was an element of guessing with all options attracting many responses. The correct answer was Option **B** – they are used to settle debts.

In **Question 33** about a bill of exchange, most candidates chose Option **B** – guarantee of payment to an importer rather than the correct answer – Option **C** – a promise to pay a debt at a fixed date in the future.

Again in **Question 40**, many candidates showed that they did not fully understand how to calculate the rate of inventory turnover. The majority of candidates identified the correct rate of inventory turnover as Option **C** 10, but many candidates selected Options **A** and **B**, suggesting that they were guessing at the answer.

# COMMERCE

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

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

## General comments

The multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 2, 6, 11, 19, 25 and 28** and some requiring candidates to use or interpret numerical data such as **Questions 12, 14, 15, 30 and 40**.

The mean mark was 23.0 and there were 2994 candidates for this examination, a slight increase in the number of entries from 2016. The highest score was 38 marks and no candidate scored below 9 marks. A good standard of work was exhibited by many candidates.

Candidates found the following questions relatively easy and a high facility was achieved – **Questions 2, 3, 10, 20, 30, 34 and 35**. One of these questions was pictorial, **Question 2**, and one was numerical, **Question 30**.

Some questions caused difficulties for candidates and these achieved a fairly low facility.

### Comments on specific questions

In **Question 4** Option **C** proved to be a positive distractor. Supermarkets are known for providing a wide range of goods. Option **A** – loss leaders i.e. promotional offers was the correct answer.

In **Question 5** many candidates thought that multiple chain stores survive in town centres because they can afford national advertising covering the whole chain. The correct answer was Option **B** – multiple chains can afford the rent of a small unit unlike many unit retailers.

In **Question 6** Option **C** was the correct answer and the majority of candidates realised this. Those who chose Option **D** failed to notice that the card applied to a number of businesses throughout the city and a store card is used within one store or chain of stores.

**Question 11** proved to be testing for candidates. All options attracted many responses showing an element of guessing, with Options **B** and **D** being the most popular. Option **C** was the correct answer. Metals are usually sold through agents such as brokers who bring buyers and sellers together. The question also asked for the *most* likely product to be distributed using agents so there was an element of *evaluation* within the question.

**Question 12** caused difficulties for candidates who were asked to identify the cost of the wholesale function. Few correctly identified Option **A**, calculated by subtracting the production and processing costs ( $\$0.30 + \$0.25$ ) from the warehouse and storage costs ( $\$0.70$ ).  $0.70 - 0.55 = \$0.15$ . The majority of candidates thought that Option **D**  $\$0.70$  was the correct answer but that was the price that the wholesalers sold at.

In **Question 21** candidates were asked to identify the most effective method of advertising to the remotest parts of the country. All the media listed could be used but some would be more effective than others. Many candidates thought that Option **C**, peak time television, would be the most effective but it might not be seen by those who were most at risk in the remotest parts of the country. Option **D** was the correct answer because it could be targeted at the remote areas which are most at risk.

In **Question 24** there seemed to be an element of guessing with all options attracting many responses. Most candidates chose Option **B**, *poste restante*, which keeps post until someone arrives to collect it so is often used when people are travelling.

The term micro-multinational company in **Question 37** was not known by many candidates who thought it was a company that operated subsidiaries in many countries. It is, in fact, as defined in Option **D** – a company that sells its products and services worldwide using the internet.

# COMMERCE

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Paper 7100/21  
Paper 2

## Key messages

Below are some general suggestions to help candidates do well in this examination.

- Revise all sections of the syllabus.
- Learn succinct and accurate commercial definitions.
- Read and re-read questions before answering. Weak responses are often characterised by lack of focus on the key words of questions and also the level of detail required.
- Note the number of marks awarded on each question and use time effectively. Time spent answering questions should be directly related to the number of marks available. Time is often wasted by writing answers that are too long for 2 or 3 mark questions.
- Carefully consider the command word (usually the first word) in each question. The command word also determines the amount of time to spend on an answer.
- Answers should be developed with examples and/or application to the context of the question.
- Full prose sentences should be used. Lists of points are insufficient and attain only low marks, unless the command word is Give, State or List.
- Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not score marks – these should be explained to get the marks.
- The command word 'Discuss' signifies that two sides of an argument need to be discussed and a judgement made or recommendation given.
- Show working out in any calculation questions so that a mark can be awarded for using the correct method, even if the answer is incorrect.

## General comments

All candidates had difficulty in answering **Question 4**, where the vast majority of candidates found it difficult to gain good marks on parts **(c)(i)** and **(ii)** and **(d)** on the topics of retailing and promotion. Notwithstanding this, it was evident to the Examiners that all Centres had prepared their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary.

The command words on the examination paper are particularly relevant to Centres and candidates. Each question indicates the level at which it is based:

**AO1 (Knowledge and understanding)** This assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. For example, **Question 1(c)(i)** asked candidates to 'Describe two risks he could insure against.' Command words such as 'Name', 'Describe', 'Give' and 'State' confirm that the question is at this level.

**AO2 (Application)** This assessment objective tests candidates' ability to relate their answer to the context. In this examination, the context to **Question 8** was about a statement of account whereas **Question 2(a)(ii)** asked candidates to 'calculate how much D Stores owed KML at the end of March,' based on information supplied in the question. Commands such as 'How', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level.

**AO3 (Analysis)** This assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 5(b)(ii)** asked candidates to 'Identify the best way for Bepe's employer to pay her.' Command words such as 'Identify', 'Compare' and 'Analyse' confirm the question is at this level. Inclusion of the word 'best' in the question suggests that there is more than one way, hence other ways can be analysed before the 'best' is proposed.

**AO4 (Evaluation)** This assessment objective tests candidates' ability to formulate some judgements or make recommendations. For example, **Question 2(d)(ii)** asked candidates to 'Discuss whether or not Lee should continue to allow trade credit. Give reasons for your answer.' Command words such as 'Do you consider', 'Discuss' and 'Evaluate' confirm the question is at this level.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 3(c)(i)** candidates were asked to 'Describe **two** ways in which ZZ company could improve their sales revenue'. Some candidates gave only one way and some gave more than two ways. It should be emphasised to candidates that including less than the question asks for will reduce the maximum marks that a candidate can score; likewise, including more than the prescribed number does not gain any more marks, and may waste valuable examination time.

### Comments on specific questions

**Questions 1, 3, 7 and 8** were the most popular questions answered.

#### **Question 1**

- (a) Answers were often correct with candidates identifying the fact that the farmer is involved in the primary stage of production.
- (b) There were no marks for explaining why transport is needed by the farmer. The command words were 'explain how' and required candidates to explain how transport would be used on or away from the farm. Apart from some candidates stating it was used to send the cattle to the local butchers, there were few other relevant developed uses suggested.
- (c) (i) Most candidates were able to correctly name two insurance risks that the farmer could insure against.  
(ii) The better candidates realised that the insurance principle of utmost good faith was important so as to help the insurer to set a correct premium. Also, that withholding information might make the policy null and void. Some candidates confused the concept with indemnity and gained no marks.  
(iii) Valid purposes of an insurance policy, such as providing proof of insurance and containing the insurance terms, were generally provided by the majority of candidates.
- (d) The best candidates produced a well-argued answer to show the advantages and disadvantages of the farmer accepting a contract to buy all cattle at a slightly lower price than charged to the local butchers. They mentioned points such as the delivery would be to one destination while at the same time recognising that there would be less income and the issue over the short length of the contract. There was a need to produce a well-balanced answer with the pros and cons clearly shown in order to substantiate the argument and produce a reasoned judgement. Many candidates failed to produce two-sided answers and tended to discuss general points relating to simply losing income; consequently they failed to achieve Level 2 marks.

#### **Question 2**

- (a) The majority of candidates knew that a speciality store sells a particular line of products.
- (b) Candidates did not always show a clear difference between a credit card and a debit card. For example, although both provide instant payment to the seller, the credit card allows payment to be made to the credit card provider later while a debit card is an instant payment for the purchaser.
- (c) Many candidates recognised that you did not own the goods on hire purchase until the final instalment is paid but found difficulty in stating a second disadvantage.
- (d) (i) Some rather imprecise answers were given about trade credit. Better answers concentrated on buying now and paying later over an agreed period. Most candidates understood the concept of trade discount, although some confused it with cash discount.

- (ii) Most candidates identified a valid method of communication, such as telephone, but often did not develop their answers sufficiently to score maximum marks.
- (iii) Candidates generally demonstrated weak subject knowledge and understanding on the topic of trade credit. Stronger answers developed and explained a number of relevant points, including the issue of bad debts and the fact that cash flow might be improved without trade credit. Weaker answers were narrower in terms of both positive and negative points mentioned, as well as being less detailed.

### Question 3

- (a) (i) Most candidates understood that exporting goods would help employment and earn foreign currency but explanations of their reasons could have been better.
  - (ii) Some interesting answers relating specifically to the importance of distance were seen to this question. Often candidates appreciated that the further the goods have to be transported the greater the costs involved. However, marks were then lost by not developing answers with possible examples of this point. Some candidates wrote about non-distance factors such as the amount of risk and damage which was not relevant to the question.
  - (iii) Most candidates identified a valid problem faced by exporters. Taxes, however, was not a correct answer.
- (b) The best answers to this question were contextualised and analysed points such as the need to save money but also made the point that there were likely to be less difficulties if more experienced agents from South America were employed. Weaker answers repeated the question and concentrated on the payment of commission.
- (c) (i) Although some candidates confused sales revenue with profit, the majority of candidates knew that sales revenue was the value of sales sold over a period of time.
- (ii) Candidates were generally able to give two ways in which sales revenue might be improved but some did not give sufficient description to gain the second mark available for each way named. For example, they might mention sales promotion but did not give an example. They suggested improving the quality of the products but did not suggest how.

### Question 4

- (a) The best answers applied their answers to the scenario, with the factors of location to a toy manufacturer examined. Weaker answers focused on the general factors of location and lacked development.
- (b) Some candidates correctly suggested selling shares or taking a mortgage, but most candidates recommended taking a bank loan. Some were able to support this choice but others gave superficial comment about borrowing an amount of money. The use of overdrafts and hire purchase were not credited by Examiners as they are not long-term sources of finance.
- (c) (i) There was generally a lack of adequate knowledge on the features of multiple chain stores.
- (ii) The best answers discussed valid advantages and disadvantages of two sales promotions and then analysed them with sound application relating them to the multiple chain selling their products. They recommended the best two types of sales promotion, making a judgement based on their preceding analysis. Weaker answers offered some comment in a limited way – the pros and cons of each of the sales promotions. Some candidates failed to read the question carefully and discussed only one type of sales promotion, so limiting their marks.
- (d) Candidates often gave an example of mass media such as television or radio. These were not accepted. Candidates earned marks for an advertising *device* such as the use of music or colour.
- (e) Most candidates stated that they would go to the store and ask for a refund or replacement. Some suggested the customer should return the faulty toy to the store but this information had already been stated in the stem of the question. Many thought that contacting the police or suing the shop were suitable actions but these were not accepted as they are unrealistic.

### Question 5

- (a) (i) Many candidates appreciated that a deposit account gave interest and was a safe place to keep money. However, candidates often had difficulty in explaining these benefits sufficiently to gain further marks.
- (ii) Candidates who commented that the direct debit was used for variable payments and the standing order used for regular payments scored well. Some candidates presented brief answers or did not mention one of these means of payment.
- (b) (i) Most candidates correctly named either the ATM or obtaining a cash-back on your debit card at the supermarket as places to obtain cash when the bank is closed.
- (ii) There were many disappointing answers to this question. Candidates were expected to apply their answer by identifying cash, cheques or credit transfer and then giving reasons for their choice. However, many candidates did not correctly apply a valid choice or gave a valid choice with limited reasoning.
- (c) (i) Many candidates confused mail order shopping with buying goods online.
- (ii) Many candidates gave well-structured answers in response to this question. They considered each option in turn and presented a reasoned conclusion, usually recommending that it was better to go to the store as they would be able to immediately try on the dress and make sure that it fits properly. Others wrote very generally about each option and did not apply their answers to buying a dress, achieving low marks.

### Question 6

- (a) This question proved quite testing for many candidates. Answers about the use of transport should have been related to XTL owning their own transport. Many candidates wrote generally about using transport and so did not gain marks. Good answers included comment on goods being better supervised, more flexible timings and the benefit of advertising on the side of their own vehicles.
- (b) This 'Discuss' question produced some well explained answers supporting the use of containers for the transport of XTL's kitchen equipment. Many candidates did not however mention the disadvantages associated with the use of containers, especially for carrying fragile goods e.g.: 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 kitchen equipment 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.
- (c) (i) The majority of candidates provided a relevant form of communication to use when negotiating a sale. However, the use of fax was not considered to be an acceptable form.
- (ii) Reasonable understanding of bonded warehouses was shown by the majority of candidates who wrote about the protection of dutiable goods, economising working capital and the processing of goods while in the warehouse.
- (d) (i) Most candidates scored the three marks for the correct answer of \$71.50. Working was usually shown.
- (ii) Many candidates suggested that the surplus stock could be sold at a discount but found difficulty in suggesting a second way.

### Question 7

- (a) (i) Most candidates correctly identified another form of business organisation in the private sector.
- (ii) Many candidates could identify one difference between the private and public sector but found difficulty in explaining a second difference.
- (b) Some candidates obtained full marks for an accurate discussion of the advantages to B Bus Company of being 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. 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.

- (c) Candidates gave many different answers to this question ranging from offering quality service and lowering prices to undertaking more advertising, more widely and often with examples. Some answers needed to be explained either with an additional point or with an example, for example, adjusting bus timetables in order to gain a competitive edge over B Bus Company plc.
- (d)(i) This question was concerned with the possible postal services that would be suitable to use when sending a contract of employment. Despite being a frequent answer, email is not a postal service. Centres should refer to the published mark scheme for a comprehensive list of postal services.
- (ii) There were interesting suggestions, including the bus driver phoning for help in the case of an accident or when the bus ran out of petrol.

### Question 8

- (a)(i) Some mistakenly thought that the document in Fig. 1 was a bank statement.
- (ii) The calculation was usually accurate but many candidates did not add the \$200 invoice (debit) to the balance of \$330 but subtracted it instead.
- (iii) Most candidates recognised that the entry for 27 March was for a credit note - caused by an overcharge or the return of faulty goods.
- (b)(i) Answers to this question were often disappointing, concentrating on general features of a wholesaler. Answers that gained marks included balanced answers looking at the cost savings that could be made by selling exclusively to one wholesaler, but against that the doubts about the competence of one wholesaler to sell their goods. Weaker answers were usually one-sided, gave less points or less explanation in their answers.
- (ii) Many candidates has good understanding of the importance of warehousing, citing reasons such as the need to break bulk, protection of goods and to make goods ahead of demand.
- (c) This proved a testing question for most candidates. Some candidates could explain one way in which the secondary and tertiary sectors are interdependent but very few candidates could explain adequately another way.

# COMMERCE

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Paper 7100/22  
Written

## Key messages

Below are some general suggestions to help candidates do well in this examination.

- Revise all sections of the syllabus.
- Learn succinct and accurate commercial definitions.
- Read and re-read questions before answering. Weak responses are often characterised by lack of focus on the key words of questions and also the level of detail required.
- Note the number of marks awarded on each question and use time effectively. Time spent answering questions should be directly related to the number of marks available. Time is often wasted by writing answers that are too long for 2 or 3 mark questions.
- Carefully consider the command word (usually the first word) in each question. The command word also determines the amount of time to spend on an answer.
- Answers should be developed with examples and/or application to the context of the question.
- Full prose sentences should be used. Lists of points are insufficient and attain only low marks, unless the command word is Give, State or List.
- Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not score marks – these should be explained to get the marks.
- The command word 'Discuss' signifies that two sides of an argument need to be discussed and a judgement made or recommendation given.
- Show working out in any calculation questions so that a mark can be awarded for using the correct method, even if the answer is incorrect.

## General comments

All candidates had difficulty in answering **Question 4** of the examination paper, where the vast majority of candidates found it difficult to gain good marks on parts **(a)(ii)** and **(c)(i)** on the topics of means of payment and insurance. Notwithstanding this, it was evident to the Examiners that all centres had prepared their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary.

The command words on the examination paper are particularly relevant to centres and candidates. Each question indicates the level at which it is based:

**AO1 (Knowledge and understanding)** This assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or concepts mentioned in the question. For example, **Question 1(c)(i)** asked candidates to 'Describe two risks he could insure against.' Command words such as 'Name', 'Describe', 'Give' and 'State' confirm that the question is at this level.

**AO2 (Application)** This assessment objective tests candidates' ability to relate their answer to the context. In this examination, the context to **Question 8** was about a statement of account whereas **Question 2(a)(ii)** asked candidates to 'calculate how much D Stores owed KML at the end of March,' based on information supplied in the question. Commands such as 'How', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level.

**AO3 (Analysis)** This assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 5(b)(ii)** asked candidates to 'Identify the best way for Bepe's employer to pay her.' Command words such as 'Identify', 'Compare' and 'Analyse' confirm the question is at this level. Inclusion of the word 'best' in the question suggests that there is more than one way, hence other ways can be analysed before the 'best' is proposed.

**AO4 (Evaluation)** This assessment objective tests candidates' ability to formulate some judgements or make recommendations. For example, **Question 2(d)(ii)** asked candidates to 'Discuss whether or not Lee should continue to allow trade credit. Give reasons for your answer.' Command words such as 'Do you consider', 'Discuss' and 'Evaluate' confirm the question is at this level.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 6(a)(ii)** candidates were asked to 'State **three** services offered by a freight forwarder'. Some candidates gave one to two services and some gave more than three services. It should be emphasised to candidates that including less than the question asks for will reduce the maximum marks that a candidate can score; likewise, including more than the prescribed number does not gain any more marks and, may waste valuable examination time.

### Comments on specific questions

**Questions 1, 3, 5 and 8** were the most popular questions answered.

#### **Question 1**

- (a) (i) The majority of candidates understood that division of labour means breaking down a task into a number of stages.
- (ii) Most candidates correctly stated two advantages of division of labour to HJ Industries. However, some candidates lost marks by giving advantages of division of labour to workers.
- (iii) Most candidates were able to state disadvantages of division of labour to workers but sometimes were unable to develop their answers sufficiently for the third mark.
- (b) Understanding of the use of containers was good with many candidates concentrating on the need for protection, fast turnaround and the storage of the plastic products in the container rather than a warehouse.
- (c) Good answers referred to the benefits that HJ Industries would gain from being in the same trading bloc, such as reduced costs because no tariffs would be charged. Weaker answer gave reasons for importing without reference to the context of the trading bloc. For example, the simple statement 'cheaper raw materials' without any reasoning did not score marks.
- (d) The best candidates produced a well-argued answer to show the advantages and disadvantages of HJ Industries building a new factory in another country, mentioning that they would be closer to the market but at the same time recognising the costs involved and other difficulties involved. There was a need to produce a well-balanced answer with the pros and cons clearly shown in order to substantiate the argument and produce a reasoned judgement. Many candidates failed to produce logical answers and tended to discuss general points relating to simply increasing sales; they failed to achieve high marks.

#### **Question 2**

- (a) Candidates had to explain that by operating a public limited company it is easier to raise finance as shares are open to the public on the Stock Exchange. Marks were not awarded to those candidates who did not develop their answers or by those candidates who confused a public limited company with a private limited company.
- (b) (i) The examples of cash and debtors were often given as correct answers.
- (ii) The best answers correctly calculated working capital and explained why it was satisfactory. Weaker answers used incorrect calculations with limited reasoning.
- (c) (i) Most candidates identified 'fixed assets' as the correct heading for buildings on a balance sheet.
- (ii) Most candidates were able to give some valid reasons why an overdraft would be an unsuitable source of finance for the new building. Many focused on the fact that it was a short-term loan and usually small in amount so that it was not suitable for financing such a capital project. Weaker

answers mentioned features of an overdraft, such as incurring interest charges, without applying it to the context of the question.

- (iii) The best answers applied relevant sources of finance to the scenario. As the building would cost \$1.7 million, sources of finance such as overdraft and hire purchase were considered inappropriate. It was only the strongest answers that chose two suitable long-term sources of finance, such as loans, and gave suitable reasoning in their answers.

### Question 3

- (a) (i) The brand name of 'Poppy Peas' was frequently identified.
  - (ii) The best candidates showed clear working and calculated the mark-up for each can of food for the three marks. Some candidates identified the \$0.60 and \$0.18 but did not addition them for the final price. Others tried to work out the mark-up on the box of cans instead of for each can.
  - (iii) The vast majority of candidates could state two functions of a bar-code.
- (b) There were some disappointing answers to this question; many of which thought it would be cheaper to buy from Jane's small shop compared to a supermarket. The best answers recognised that Jane's shop would offer greater personal service, a more convenient location and informal credit, while it was likely to be more expensive than a supermarket.
  - (c) A wide range of answers were seen to this question. Better answers identified two clear reasons for having consumer protection and developed these reasons with explanation or use with relevant examples. Weaker answers gave one or two reasons without sufficient explanation.
  - (d) Despite being part of the syllabus, regional distribution centres were not understood by the majority of candidates. Often candidates answered in terms of a supermarket opening a new branch. It was only the best answers that discussed the cost and stock implications of opening a regional distribution centre to supply local supermarkets.

### Question 4

- (a) (i) The best answers identified two clear circumstances when Andrew might use his credit card, such as to pay for hotel bills and meals. Weaker answers were more generalised and made vague statements about Andrew being in a hurry or wanting to take advantage of discounts.
  - (ii) There were no marks for explaining what a debit card is. The question required candidates to explain two advantages of debit cards. Apart from some candidates stating it was safer than carrying cash, there were few other relevant developed reasons suggested.
  - (iii) The gaining of points and free gifts were frequent correct answers to the benefits of using a loyalty card.
- (b) (i) Although most candidates could name two insurance risks such as medical, key person or motor vehicle insurance many candidates had difficulty describing them. Other candidates chose irrelevant insurance risks such as fire or described principles of insurance instead.
  - (ii) The better candidates realised that Andrew's firm could not insure against bad management because it is an uninsurable risk for which a premium could not be set because there are no past records. Some candidates attempted to say that it could be insured because they had invested money but they gained no marks.
  - (c) Some knowledge was shown of the work of an insurance broker but candidates were often unable to discuss the benefits and drawbacks of using an insurance broker or an insurance company.

### Question 5

- (a) Many candidates recognised that the disadvantages of newspaper advertising included the lack of colour and a short life span.

- (b) Good answers appreciated that large-scale retailers would often charge lower prices, have a wider range of televisions and offer after-sales service. Weaker answers believed that small-scale retailers would sell second hand and lower quality televisions.
- (c) Many candidates showed good understanding of the term 'guarantee'. Other candidates gave vague/non-commercial answers such as it was a promise.
- (d)(i) Responses to this question were variable. The better answers used numerical data to calculate that the online seller was \$5 cheaper, calculating the retail store price of \$1140 and the online seller price of \$1135.
  - (ii) The concept of postponing payment and being able to use before payment were often mentioned as reasons for choosing hire purchase. Payment by instalments was understood but some candidates thought, wrongly, that hire purchase gave immediate ownership.
- (e) Some candidates gave well-structured answers in response to this question. They considered each option in turn and presented a reasoned conclusion usually recommending a combination of both informative and persuasive advertising. Others wrote very generally about each advertising option and did not apply their answers appropriately to the selling of computers, achieving only low marks.

### Question 6

- (a)(i) Many candidates correctly gave a broker or an agent as their answer of another intermediary.
  - (ii) Only a minority of candidates could correctly state three freight forwarder services. Candidates were expected to mention warehousing, arranging insurance and customs clearance in their answers.
- (b)(i) This question called for explanation of how communication would assist a freight forwarder operating in international trade. Better answers mentioned the method of communication before showing what it would be used for e.g. using email to answer enquiries from potential importers.
  - (ii) Candidates needed to show either the benefits or problems to freight forwarders of using the internet as their main means of communication. Most candidates evaluated that the internet should be used as it could provide information through a website, send emails and enable video conferencing. Some candidates argued that there are often internet connection difficulties and investment was needed for purchasing appropriate software. Overall, there were many very good answers on this topic.
- (c) Many candidates obtained one of the two marks available by knowing that a free port imposed no customs duties. However, they had difficulty in explaining another point for the second mark. Some candidates believed incorrectly that everything was free.
- (d) The best answers discussed valid advantages of each means of transport and then analysed them with sound application, making a judgement based on their preceding analysis. Weaker answers offered discussion in a limited way – the pros and cons of each means of transport and made an unsupported recommendation. Although Examiners considered air the most likely means of transport for the sports equipment, sea transport was often chosen.

### Question 7

- (a) Candidates were often better with their examples to this question. Explanation of 'invisible exports' sometimes lacked precision.
- (b)(i) The vast majority of candidates identified 2012 as the correct answer.
  - (ii) A large number of candidates did correctly calculate the Balance of Payments figure of \$1.5 billion.
- (c)(i) The best answers were able to clearly show two effects on the Balance of Payments from the development of mines. One effect was that less iron ore would need to be imported, leading to an improvement in the Balance of Payments. Another effect would be that there should be more exporting of iron ore, leading to an improvement in the Balance of Payments. Weaker answers ignored the context of iron ore and did not score marks.

- (ii) Many candidates correctly gave road and rail transport as their answers.
- (d) Most answers to this question gave an adequate discussion of the pros and cons of a multinational being located in a country. However, they often failed to discuss the question posed and to write their answers in the context of a company involved in the mining industry. Some did mention employment within the mines and the concern over possible environmental pollution. Generally, most candidates welcomed the multinational in owning and developing the mine in the country.

#### Question 8

- (a) (i) The features of a sole trader were generally well known by most candidates.
  - (ii) Good answers often focused on the concepts of liability and continuity for the two types of businesses.
- (b) Many candidates produced a well-argued answer to show why Robert should offer a repair service for motor cycles, mentioning that this side of the business would build up leading to greater income and a competitive edge over other businesses. It was only the best answers that recognised that Robert would have extra costs to incur, such as equipment needed and stocks of parts - possibly extra wages - for providing the repair service.
- (c) (i) The best answers explained that a franchise was an agreement between the franchisor and franchisee, allowing the latter to use the franchise name and sell its goods/services. Weaker answers simply mentioned that it was a well-known brand name.
  - (ii) Candidates did not always show a clear difference between a sole trader and a franchise. For example, the sole trader keeps all the profits of the business while a franchisee has to share profits with the franchisor.
- (d) There were a variety of answers to this question. Many candidates offered a good discussion of the importance of branding when selling motor cycles. However, it was only the better answers that compared branding with the importance of other factors, such as price, thereby producing a more balanced and highly-rewarded answer to the question.