

COMMERCE

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

General comments

Questions 6, 7, 17, 19, 20, 23, 32 and 39 were answered correctly by over 75% of candidates.

Less than 40% of candidates gave the correct answer to Questions 8, 9, 12, 14, 29, 30 and 38.

Comments on specific questions

In **Question 8** about types of credit, slightly more candidates chose Option **B** – hire purchase than Option **A** – deferred payments, which was the correct answer. The other options also attracted a number of responses suggesting not all candidates have knowledge of different types of credit.

In **Question 9** not all candidates recognised that the function of a finance company is to provide hire purchase. All options attracted a number of responses with more candidates choosing Option **B** rather than the correct answer, Option **D**.

The purpose of an invoice in **Question 12** caused some confusion. 38% of candidates chose Option **D**, the correct answer – to show the amount due – but Options **A** and **B** also attracted many responses.

The calculation about mark-up in **Question 14** caused difficulty for the majority of candidates with Option **B** (a deduction of 20% (\$90) of the selling price) proving to be a positive distractor. Option **C** was the correct answer but only 20% of candidates showed that they understood that mark-up is added to the purchase price.

In **Question 29** the majority of candidates were not aware of a fidelity guarantee insurance policy. The correct answer, Option **B**, was identified by only 26% of candidates. The other three options also attracted similar percentages of response.

In **Question 30** Option **B** proved to be a positive distractor. Banks often give advice on foreign trade and handle payments for importing and exporting. Option **C** was the correct answer.

Question 38 on PEST analysis confused many candidates. All options attracted many responses with the correct answer – Option **D** - achieving the lowest number of responses. Of the factors given, only wage levels is an economic factor likely to affect the location of a factory. Consumer tastes is a social factor. Labour laws are among the legal factors. Taxation is a political factor.

COMMERCE

Paper 7100/22
Written

Key messages

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

- For O Level Commerce, it is the quality of the response that determines the level an answer achieves for 6-mark and 8-mark questions, not the quantity of correct statements written. Quality is determined by the response's progression through the hierarchy of the Assessment Objectives.
- Answers to 6-mark and 8-mark questions should always be developed with examples and/or application to the topic in the question. Unqualified single words, such as 'easier', 'quicker' or 'cheaper' do not score marks – these have to be explained to get the marks
- Time spent answering a question should be directly related to the number of marks available.
- Candidates should be reminded to make sure they give the number of responses required by the question. Some candidates give one to three features when asked for two and some simply repeated the first feature already given using different wording. 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 does not gain more marks and wastes valuable examination time
- Read and re-read questions before answering. Weak responses often show that not enough time was taken to fully register not only the general focus of the question, but also the level of detail required.
- Look for the important words in each question, e.g. command words such as Explain or Describe and key words such as *suitable*, *best* or *most*.
- Show workings for any calculation questions.
- Learn succinct and accurate definitions of key terms.

General comments

The paper appeared to be accessible to most students who coped well with the demands of the five questions. It discriminated well and there was no evidence of time pressure. The examination showed the importance of a consistent performance across the questions. The paper provides a broad coverage of the specification and therefore a clear understanding of the entire specification is essential for success.

All candidates had difficulty in answering **Questions 3(d)** and **4(c)**, where the majority of candidates found it difficult to gain good marks on the topics of insurance and export agents.

The command words used in the examination paper indicates the Assessment Objective (AO) targeted:

AO1 (Knowledge and understanding) tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or principles mentioned in the question. For example, **Question 1(e)** asked candidates to 'Describe one method of electronic communication used in international trade.' Command words such as 'State', 'Name', 'Describe', 'Give' and 'List' confirm the question is at this level and requires a straightforward response. Often a list or brief, but accurate, definition is acceptable for this type of question.

AO2 (Application) tests candidates' ability to relate their answer to the context. In this examination, the context to Question 1 was about a trading bloc's exports and imports of mining production. For example, **Question 1(b)** asked candidates to 'calculate the percentage of mining goods imported from the Rest of the World.' Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level and requires a candidate to explicitly use the context provided.

AO3 (Analysis) requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 2(c)** asked candidates to 'Explain two factors Zeena might need to

consider when choosing a location for her second salon.' Command words such as 'Identify', 'Compare', 'Explain' and 'Analyse' confirm that the question is at this level.

AO4 (Evaluation) tests candidates' ability to formulate some judgements. For example, **Question 3(c)** asked candidates to 'Do you think that an overdraft limit of \$50 is helpful for Sam.' Command words such as 'Explain why', 'Do you think', 'Discuss', 'Assess' and 'Evaluate' confirm the question is at this level. Candidates are expected to make a decision, supported by *analytical* and *applied* reasons.

Comments on specific questions

Question 1

- (a) (i) The majority of candidates knew that mining is classified as a primary industry.
- (ii) The correct answer of South-east Asia was a frequent choice by the majority of candidates.
- (b) There was a high proportion of correctly calculated answers. Weaker answers simply calculated the total of imports without deducting their answer from 100.
- (c) Good answers identified and explained two clearly different advantages to a country of joining a trading bloc. Weaker answers often only identified advantages without supporting explanation or gave general answers on advantages to a business such as increasing profits.
- (d) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.
- (e) There was generally sound knowledge on international electronic communication methods. However, those candidates who correctly identified an international communication method, such as teleconferencing, often had difficulty in accurately describing the method or supplied descriptions that were too vague. Please note that 'international' was part of the question so would not be rewarded in a response.
- (f) The strongest answers recognised that coal would be too heavy and too expensive to send by air transport and then analysed the benefits of moving coal by ship. Weaker answers gained one or two marks for describing sea transport without applying their analysis to the context of the question. An example of a good answer is below:

Transporting coal by ship is the best way because it's cheaper than air to carry a heavy and bulky load. Ships are slower than air, but coal is not usually urgent, so even though ships are the most affected by bad weather/delays it should be OK. Also, there will be the cost of other transport like rail and road, on top of the sea transport, to get the coal to customers. Ships are not always the best, for example they can't be used in landlocked countries. Rail and road could both transport coal in landlocked countries, as they are not restricted to sea routes, and they could also be used to take the coal from a ship to a customer. So ships are the best for long distance transport for countries with access to seaports.

Question 2

- (a) Very well answered by most candidates who gave two valid sole trader advantages such as keeping all the profits and making quick decisions. Weaker answers concerned themselves with features of a sole trader or making incorrect points such as that sole traders do not employ workers.

- (b) Centres should note that a question beginning with the command words ‘Should’ or ‘Is it a good idea’ means that the reasoning can be justified on either or both sides. The best answers explained the cost benefits to a small business, such as Zeena, of distributing leaflets to her target group of customers with information of prices and use of colour to attract people to come to her hairdressing and beauty salon. Negative points mentioned that leaflets are often not read, thrown away adding to pollution on the streets. Weaker answers lacked knowledge of leaflets or did not justify their reasoning. A good answer is below:

As Zeena is a small-scale trader her target market is going to be local customers, not on a national scale, so it is no use advertising on a national scale, such as television, and wasting money. It will be more effective to give out leaflets to local people who live nearby. She can make the leaflets look good with images of hairstyles and include details of special promotions, such as special offers to pensioners on Wednesdays. The leaflets can be referred to and kept in the house so consumers are reminded of Zeena’s salon when they need hair or beauty treatment.

- (c) Candidates supplied many realistic actions that the injured customer could take against the negligence of Cindy such as complaining to Zeena or writing negative social media reviews about the salon. Marks were now awarded for unrealistic actions such as going to the police or asking for a discount.
- (d) Many candidates could identify two relevant location factors for Zeena’s second salon such as the need to be close to customers and transport links, but often found difficulty in explaining clearly these factors.
- (e) It was clear that many candidates had sound knowledge and understanding of the two different sources of funding that Zeena could use to finance equipment for the new salon. Stronger answers analysed the benefits or drawbacks of financing in this way. For example, some candidates commented that by using hire purchase Zeena could spread payments on a monthly basis which would help with her cash flow as well as being able to use the equipment while paying for it. Weaker answers described one or two points concerning the sources of finance without analysing or evaluating them.

Question 3

- (a) It was disappointing to note that a large proportion of candidates did not know that the letters ‘SO’ on an internet banking statement stands for standing order.
- (b) Candidates achieved greater success in explaining the internet banking statement entry on 3 October.
- (c) This question proved to be a testing one for candidates. The best answers applied their answers to the scenario. The \$50 overdraft had allowed Sam to pay for the car, as he had overdrawn on his bank account, but the fact that he had other large monthly outgoings such as \$400 for rent meant that the \$50 might be insufficient to cover his expenses before the next salary payment. Some strong answers thought that a higher overdraft limit was needed or even a loan could be beneficial to Sam. and gave suitable reasoning in their answers. A good answer is below:
- ‘\$50 overdraft has been useful to Sam as it enabled Sam to buy the car. However, there is now \$30 left for him to spend. He will have to buy fuel, food, pay rent and will have other day-to-day bills/expenses. So the remaining \$30 will not be enough to do this as it is a very small amount. He need to ask for a higher overdraft limit if he not going to be plunged into debt. The \$50 overdraft had only been helpful for a short period of time.’
- (d) Candidates were expected to describe and discuss the importance to Sam of obtaining adequate motor car insurance cover. Many candidates found difficulty in accessing the higher analysis and evaluation marks as there was a lack of knowledge and understanding demonstrated by candidates of what adequate insurance meant.

Question 4

- (a) Candidates were asked to state two services of a wholesaler to Nissa, a cheese producer. So, for example, storing cheese and risk bearing would be valid wholesaling services. Marks were lost by candidates who could only provide one valid service or gave wholesaling services that would be provided to a retailer instead of a producer such as trade discount.
- (b) The naming of home commercial documents used by wholesalers scored highly but some candidates lost marks by naming international commercial documents.
- (c) The best answers discussed advantages of Nissa exporting the cheese herself or using an intermediary, and then analysed them with sound application, making a reasoned judgement based on their preceding analysis. Weaker answers offered discussion in a limited way, usually with an unsupported recommendation. A good answer is below:

‘If Nissa uses an intermediary this will be of benefit to her as they experts in selling goods to overseas buyers. They would have many contacts that Nissa as a new exporter would not have as she has just started exporting. This would help her in setting up a deal quickly. Also, Nissa would not have to spend time and money in travelling to Africa and not worry about customs procedures. However, using an intermediary does not come cheaply as they would be paid commission which would reduce Nissa’s profit margin. If Nissa exported the cheese herself it could be said that, as an owner, she would be more motivated in the success of getting the best price and sure that no unethical practices take place.

Overall, as Nissa is new to exporting it might be best to leave this work to an expert and reduce the chances of the risk of failure.”

Question 5

- (a) Very well answered by most candidates who gave two valid features of a convenience store. Weaker answers concerned themselves with features that could be applied to larger retail stores such as a variety of goods or simply explained advantages instead of focusing on features.
- (b) This True and False question on trade documents produced a range of marks from zero to three with the second statement being the least well answered.
- (c) A range of interesting suggestions were made on whether it was a good idea to install a drinks vending machine outside the petrol station. Marks were lost by either making suggestions lacking related explanations or by not applying their answers to the situation.
- (d) The best answers described and analysed the benefits to a petrol store owner of buying stock from an online seller or from a cash and carry warehouse with a judgement made on which option was the best to use. Generally, there was better knowledge and understanding of buying online than from a cash and carry warehouse. Final judgements often revolved around whether the petrol store owner was prepared to risk not being able to view products online against the greater range of choice available online. Weaker answers often simply described online buying and/or cash and carry buying without any analysis. A good answer is below:

‘Buying these supplies online will mean that the petrol station owner will have a wide variety of goods to choose from at reduced prices. More importantly, the goods will be delivered so there is no need for the petrol station owner to spend time and money visiting a cash and carry warehouse. He can use a variety of payment methods whereas he/she would need to pay cash if paying for the goods at a cash and carry warehouse. However, if he/she buys online there is always the risk of the goods being lost or damaged in transit or even dealing with fraudulent sellers. The petrol store owner would not have some of these problems as they could inspect the goods and receive the goods immediately so would not be wasting time especially if stock is running low. He/she would not want customers to go elsewhere through lack of stock.

Overall, I recommend that the petrol store owner, if they can wait for the supplies, should buy online as the goods will normally be cheaper as he/she can access various websites to get the best deal and the fact that he/she will not have to leave the store to buy the goods is a big bonus.”