

COMMERCE

Paper 7100/11
Multiple Choice

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

General comments

The multiple choice paper consists of 40 4-option questions with some involving pictorial or diagrammatic data such as **Questions 1, 19, 23, 33 and 34** and some requiring candidates to use numerical data such as **Questions 7, 12, 13, 30 and 36**.

There were 667 candidates for this examination. The mean mark was 24.7, the highest score was 37 marks and no candidate scored below 8 marks.

Questions 1, 2, 3, 4, 8, 9, 17, 20, 21, 25, 28, 32, 34 and 35 were answered correctly by over 75% of candidates.

Comments on specific questions

Less than 40% of candidates had the correct answer to the following questions:

Question 6 was about the Click and Collect service offered by many retail stores. Option C was chosen by 30% of candidates, however Option D was the correct answer and 39% of candidates responded correctly.

Question 11 caused difficulty for 53% of candidates who found Option C to be a positive distractor. Option C described the function of an advice note rather than a delivery note. Option A – so that the buyer can check the condition of the goods – was the correct answer and attracted 24% of candidates.

It was obvious from **Question 18** that the term ‘product placement’ was not known by most candidates because Option C was only selected by 9% of candidates. Option A - product advertising - proved to be a positive distractor chosen by 65% of candidates.

Question 30 tested the insurance principle, indemnity. Option B was the correct answer – Mr Ali would receive 50% of the value of the garage i.e. \$100 000. Although 50% of candidates thought Option C was correct, he would not receive \$125 000 i.e. 50% of the amount he had insured the garage for, because he had over insured it. By insuring the garage for more than its valuation, Mr Ali was trying to make a profit from a loss and this is against the principle of indemnity.

In **Question 33**, 56% of candidates thought Option C was the correct answer but the diagram showed a tablet computer, not a method for making payments. Option A – giving immediate access to services - was the correct answer chosen by 39% of candidates.

In **Question 38**, Option B relating to bar codes on products, proved to be a positive distractor with 44% of candidates choosing this option. Although Option A (the correct answer) mentions consumers, gaining quick access to a retailer’s website is an advantage to the retailer as it may lead to increased sales and make the retailer more competitive.

Responses to **Question 39** suggested candidates did not understand sustainable production as Options A, B and D all attracted a considerable number of responses. In order to achieve sustainable production, a firm will need to make full use of recycled materials so Option D was the correct answer.

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Paper 7100/12
Multiple Choice

<i>Question Number</i>	<i>Key</i>	<i>Question Number</i>	<i>Key</i>
1	C	21	C
2	C	22	C
3	B	23	C
4	D	24	D
5	C	25	A
6	A	26	D
7	D	27	D
8	A	28	A
9	C	29	C
10	A	30	B
11	D	31	D
12	A	32	A
13	C	33	D
14	D	34	A
15	B	35	B
16	B	36	B
17	B	37	A
18	D	38	B
19	B	39	B
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, 7, 15, 20, 32 and 33**. Other questions require candidates to use numerical data such as in **Questions 13, 14, 22, 28 and 37**.

There were 2450 candidates for this examination. The mean mark was 22.5, the highest score was 35 marks and no candidate scored below 3 marks.

Questions 1, 2, 3, 4, 8, 9, 18, 25 and 31 were answered correctly by over 75% of candidates.

Comments on specific questions

Less than 40% of candidates had the correct answer to the following questions:

In **Question 7** - about making payments using credit - many candidates chose Option A as an advantage. Option D was the correct answer.

The term 'freeport' in **Question 17** was not understood by many candidates. There seemed to be an element of guessing with both Options A and C attracting responses. No port could offer free services to users. It would not make any money. Option B was the correct answer.

In **Question 20** the Post Office service Poste Restante was not understood by many candidates as the service that holds mail until collection, so is used by people travelling. Option D was the correct answer but all options attracted responses.

Many candidates seemed to be guessing at the answer to **Question 23**. The correct answer was Option C because gold is of high value so would need security and speed. The use of rail and sea mentioned in Options A, B and D would not have been logical.

In **Question 24**, Option A proved to be a positive distractor with confusion shown between the functions of a customs authority (also Options B and C) and the function of a port authority. Few answered this question correctly. Option D was the correct answer.

The work of the underwriter as a person who accepts risks and meets claims was not understood in **Question 27**. Candidates seemed to have guessed at the answer as all options attracted responses.

Question 28 tested the insurance principle, contribution. Option A was the correct answer – Mrs Yo would receive 25% of the amount she had insured her factory for i.e. \$100 000, shared equally between the two insurance companies. She would not receive 25% of £500 000 because she had over insured it. All other options attracted a number of responses suggesting that many candidates guessed at the answer.

The majority of candidates chose Option C, the correct answer to **Question 29**. The other three options attracted many responses suggesting that features of a current account are not fully understood by candidates.

The same comment applies to **Question 30** about means of payment. There is still confusion between the characteristics of direct debits and standing orders. Option B was the correct answer as variable payments were mentioned in the stem, and these apply to direct debits not to standing orders.

In **Question 37**, most candidates were unable to calculate the average stock held. The correct answer was Option A, calculated as \$120000 (sales turnover) minus 25% (30000 gross profit) = \$90 000 (cost of sales) divided by 20 (rate of inventory turnover) = \$4500. Many candidates thought that Option B - 25% of \$90 000 was the correct answer.

In **Question 40**, Option D proved to be a positive distractor because, increasingly, working from home can involve using IT and the internet. As a working practice, however, it is an example of a social factor so Option C was the correct answer.

COMMERCE

Paper 7100/21
Written

Key messages

- It is the quality of the response that is important for 6-mark and 8-mark questions, rather than the quantity of correct statements. Quality is determined by progression through the hierarchy of the four Assessment Objectives.
- 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.
- Look for the important words in each question, e.g. command words such as Explain or Describe and key words such as *most suitable* or *best*.
- Show workings for all calculation questions.
- Revise all areas of the syllabus.
- Learn succinct and accurate commercial definitions.
- Answers to 6 and 8 mark questions should always be developed, along with with examples and/or application, because they are targeted at the higher order Assessment Objectives, and unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not mean anything without further explanation and analysis.

General comments

All candidates seemed to have difficulty answering **Questions 3(c)(ii) and 5(c)**. The majority had difficulty with the topics of international methods of payment and insurance. The question focused on the new syllabus topic, the changing environment of commerce, was generally well answered.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 2(a)(i)** candidates were asked to 'State **two** features of a cold storage warehouse'. Some candidates gave one, two, three or more features. In this situation, only the first two answers given are considered.

The command words used in each question indicates the Assessment Objective (AO) targeted:

AO1 (Knowledge and understanding) tests candidates' ability to show knowledge and understanding of commercial terms, ideas and principles. For example, **Question 1(b)(i)** asked candidates to 'State one feature of a multinational company.' Command words such as 'State', 'Name', 'Describe', 'Give' and 'List' confirm the question is at this level and requires a straightforward response.

AO2 (Application) tests candidates' ability to relate their answer to the given context. For example, the context to **Question 1(c)** is 'overseas supplier' so candidates had to apply knowledge of communication to that context. **Question 4(b)** context is 'her customers' i.e. advantages of using leaflets to attract customers for children's parties. **Question 2(b)(i)** asked candidates to perform a calculation which also assesses application. Command words such as 'How', 'Why', 'Give an example' and 'Calculate' can indicate that the question is at this level, but this AO further emphasises the importance of reading questions very carefully.

AO3 (Analysis) requires candidates to select, interpret, explain or otherwise analyse points presented in the question. For example, **Question 4(a)** asked candidates to 'Distinguish between advertising and sales promotion.' Command words such as 'Identify', 'Compare', 'Explain', 'Distinguish' and 'Analyse' confirm the question is at this level.

AO4 (Evaluation) tests candidates' ability to formulate judgements. For example, **Question 3(b)** asked candidates to 'Assess which country has the better Balance of Payments.' based on information supplied in Fig. 2. Command words such as 'Discuss', 'Do you think', 'Assess' and 'Evaluate' confirm the question is at this level.

Comments on specific questions

Section A

Question 1

- (a) (i) Answers were often correct, identifying mass production. 'Assembly line' was in the question so not a valid response.
- (ii) Valid reasons for the advantages of division of labour to a business, such as increasing output and reducing labour costs, were provided by the better responses. Weaker responses stated advantages to the worker and not to the business.
- (iii) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.
- (b) (i) The majority of candidates correctly stated one feature of a multinational company. Some vague answers simply mentioned selling goods to other countries which is not a distinct feature of a MNC.
- (ii) This question proved to be challenging for the majority of candidates. A sizeable proportion of candidates incorrectly explained the disadvantages to a MNC of locating there, instead of why it would not benefit the country. Other candidates could identify valid disadvantages to the country, but often found difficulty in explaining these.
- (c) Many responses correctly identified and described two suitable methods of communication, applying reasons why they would be used for an overseas supplier of car parts. Many continued with a supported recommendation of the best communication method to use. Weaker answers often lacked analysis of which might be the better method in this context.

Question 2

- (a) (i) Features are the attributes or components of an item; freezer compartments would be a feature of a cold storage warehouse. Weaker candidates stated advantages rather than features.
- (ii) Centres should note that a question beginning with the command 'Should' or 'Do you think' means that the reasoning can be on either side, as long as it is justified. The best answers recognised that the wholesaler in the question was supplying perishable goods that needed to be kept fresh and saleable. Weaker answers did not apply their answers to the context of the question.
- (b) (i) There was a high proportion of correctly calculated answers. Weaker answers simply calculated the amount of trade discount without deducting it from the total value. This emphasises the importance of showing workings for every calculation.
- (ii) Most candidates recognised that wholesalers wish to improve sales by building stronger customer relations / customer loyalty to increase profits, but that allowing credit might also lead to bad debts which are more likely to reduce profits.
- (c) The best answers described and analysed the possible implications of both options for a small-scale retailer, with a judgement made on which option was the best to implement. There were many perceptive answers stating that introducing self-service could have a negative impact on personal customer service and would increase costs, while opening for longer hours might offer better customer service, also with increased costs of staff wages, but neither option might result in a higher increase in sales than the costs involved. Weaker answers only considered one course of action or lacked analysis prior to recommendation.

Question 3

(a) (i)–(iv)

The best responses completed all four gaps to Fig. 2. Some candidates thought incorrectly that the balance of trade should be the balance of payments so added the balance of trade figure with the balance of invisibles instead of deducting it.

(b) The best answers identified that Country Y had the better Balance of Payments and explained why using their calculations. Weaker answers did not apply the data to their answers.

(c) (i) Candidates were asked to state two features of a container for example, made of metal and having locks. Again, weaker responses stated advantages rather than features.

(ii) This question was not answered well. It asked for a recommendation as to the best method to use for an international payment. Consideration of both methods in terms of speed, security and convenience, for example, might have been analysed and a recommendation given as to which was the better method in an international context. Many answers only described the methods in the question.

Question 4

(a) The best answers included the purpose of both terms, using suitable examples. Weaker answers were characterised by vague points on one or both terms.

(b) The use of colour to attract children and the point that leaflets can be kept by parents for reference were frequent correct answers. General/unapplied answers, such as leaflets are easy to carry, were not valid.

(c) There were many possible actions that Claire could take in response to a complaint and most candidates could identify two, but often had difficulty in describing/developing them. For example, Claire should find out what was wrong with the entertainment and in future ask parents to complete a questionnaire so that she finds out quickly if there is a problem.

(d) Candidates were expected to recommend whether Claire should set up a website or continue to use advertising and sales promotions to promote her business. It was only the best responses that recognised that Claire was a small business supplying a local service that only needs to attract local customers, not worldwide ones meaning that flyers and local advertising would be best although a website might be useful for other things such as online bookings and customer feedback.

Question 5

(a) (i) This question was well answered.

(ii) Good answers looked at both younger and older drivers in their explanations. Candidates seemed well aware that some younger drivers may be more likely to take risks and drive more recklessly to impress their peer group, compared to older drivers who are perceived to be more cautious and patient. Weaker answers lacked relevant linked explanation.

(b) The first statement was the least well answered.

(c) The best answers analysed valid insurance principles such as indemnity and utmost good faith and then made a judgement on which was the most important in context. They explained that indemnity meant that the insured would get their car repaired/replaced after the accident but that they could not profit from the loss so would not get a better car or more than the original one had cost. The stronger answers about utmost good faith explained that if the insured had not told the truth on the proposal form about the car and how much it cost then they would not receive any compensation after the accident because the contract would be void because of the lie. Weaker answers lacked knowledge and understanding of insurance principles.

COMMERCE

Paper 7100/22
Written

Key messages

- It is the quality of the response that is important for 6-mark and 8-mark questions, rather than the quantity of correct statements. Quality is determined by progression through the hierarchy of the four Assessment Objectives.
- 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.
- Look for the important words in each question, e.g. command words such as Explain or Describe and key words such as *most suitable* or *best*.
- Show workings for all calculation questions.
- Revise all areas of the syllabus.
- Learn succinct and accurate commercial definitions.
- Answers to 6 and 8 mark questions should always be developed, along with with examples and/or application, because they are targeted at the higher order Assessment Objectives, and unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not mean anything without further explanation and analysis.

General comments

All candidates seemed to have difficulty answering **Questions 3(b)** and **3(d)**. The majority had difficulty with the topics of finance and transportation. The question focused on the new syllabus topic, the changing environment of commerce, was generally well answered.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 4(a)(iv)** candidates were asked to 'Identify **two** features of hire purchase'. Some candidates gave one, two, three or more features. In this situation, only the first two answers given are considered.

The command words used in each question indicates the Assessment Objective (AO) targeted:

AO1 (Knowledge and understanding) tests candidates' ability to show knowledge and understanding of commercial terms, ideas and principles. For example, **Question 5(a)** asked candidates to 'State two benefits of international trade for the people of a country.' Command words such as 'State', 'Name', 'Describe', 'Give' and 'List' confirm the question is at this level and requires a straightforward response.

AO2 (Application) tests candidates' ability to relate their answer to the given context. For example, the context to **Question 4(b)** is 'multiple chain store' so candidates had to apply knowledge of warehousing to that context. **Question 4(c)** context is 'consumers' i.e. implications of online shopping for consumers, not a business. **Question 3(a)** asked candidates to perform a calculation which also assesses application. Command words such as 'How', 'Why', 'Give an example' and 'Calculate' can indicate that the question is at this level, but this AO further emphasises the importance of reading questions very carefully.

AO3 (Analysis) requires candidates to select, interpret, explain or otherwise analyse points presented in the question. For example, **Question 2(c)** asked candidates 'Would setting up internet banking be an advantage to the business?' Command words such as 'Identify', 'Compare', 'Explain', 'Distinguish' and 'Analyse' confirm the question is at this level.

AO4 (Evaluation) tests candidates' ability to formulate judgements. For example, **Question 1(e)** asked candidates to 'Discuss how important the wholesaler is to the small-scale retailer.' Command words such as 'Discuss', 'Do you consider', 'Assess' and 'Evaluate' confirm the question is at this level.

Comments on specific questions

Section A

Question 1

- (a) (i) Correct responses stated that the producer is a manufacturer of goods. Candidates should not use the wording of the question in their response.
- (ii) Candidates generally demonstrated good knowledge of the term human wants, although a minority lost marks by confusing with human needs.
- (b) Strong answers recognised that the consumer was important for buying and using the goods from the manufacturer. Weaker answers simply described the channel of distribution.
- (c) This proved to be a well-answered question. The better responses clearly identified two wholesaler services, such as storage, buying in bulk and market advice. The best answers then provided linked development to each identified function. Weaker answers had difficulty in describing the wholesaler services identified.
- (d) Many candidates were able to circle the correct conclusion to each sentence; one circle for each sentence.
- (e) The best answers described and analysed various wholesaler functions, with a final conclusion stating how important they are to small-scale retailers. Weaker answers simply described wholesale functions but did not analyse them.

Question 2

- (a) (i) Some candidates misread the question so repeated information already given in Fig. 1.
(ii) Proved challenging for many candidates. The command was 'explain why' but although candidates often explained that a Deed could be used by partners as evidence to solve disputes they found it difficult to sufficiently develop their answers further.
- (b) There was a range of interesting suggestions that a bicycle repairer could offer to their customers, from assembling bicycle parts to warranties. Some candidates did not apply their answers to the context, or included repairs when specifically asked not to.
- (c) Centres should note that a question beginning with the command 'Should', 'Would' or 'Do you think' means that the reasoning can be on either side as long as it is justified. Many answers balanced positive and negative points which generally worked well. The best answers demonstrated good knowledge of internet banking applied to the bicycle business. Some candidates answered incorrectly from a customer focus.
- (d) Candidates were expected to describe and analyse the merits of two possible sources of finance to fund expansion, with a supported recommendation. There was a general lack of knowledge and reasons for the two sources, and only the best responses recognised that it was a newly-formed business partnership making it difficult/unlikely to realise either.

Question 3

- (a) There were many correct calculations of expenses. Incorrect answers generally did not know the formula to calculate net profit.
- (b) This question proved difficult for the majority of candidates. Most answers lacked valid reasons why profit is important to a plc, such as to a source of capital and a reward for shareholders. Some candidates confused public limited companies with public corporations or confused profit with working capital.
- (c) There was a good response to this question which tested the new syllabus topic of the 'changing environment on commerce'. A large proportion of candidates gave valid reasons to part (c)(i). The problem of throwing plastic into rivers leading to contaminating fish life was a frequent relevant answer to part (c)(ii).

- (d) This question proved challenging for all candidates. The question required evaluation of the most important factor to consider when transporting packaging materials to another country, such as distance, speed, weight and security. Some answers focussed on irrelevant points such as language.

Question 4

- (a) Answers to parts (i) and (ii) were weak. Candidates were expected to identify a relevant method of appeal and give the correct number of sales promotions shown in Fig. 3. The weakest answers simply copied material from the advertisement. There were many correctly calculated answers for part (iii), although weaker answers simply calculated the amount of the 25% discount without deducting it from the original sale price of \$820. Most candidates made two accurate identifications for part (iv). Candidates used their personal experience to relate to part (v).
- (b) Good answers were applied to the context of sofas/furniture, being a bulky good, needing the space of a warehouse as there would not be enough room to hold all stock in a multiple chain store.
- (c) There was generally good knowledge shown of the positive and negative implications of online shopping for consumers, from the convenience of shopping at home to the security issues of payments over the internet. The best answers demonstrated analysis and evaluation of these points whereas weaker answers simply provided descriptions.

Question 5

- (a) Many candidates were able to name two benefits of international trade for the people of a country. Some candidates did not read the question so incorrectly stated benefits for the government.
- (b) The second statement about logistics was the least well answered.
- (c) The best answers described and analysed the possible implications, both positive and negative, of allowing a MNC to open in a country with a judgement made on whether it has more benefits than weaknesses. Some interesting responses recommended rejecting the MNCs because of the risks of pollution in their country and increased competition for local firms. Weaker answers lacked analysis of points described and application of affects to a country.