COMMERCE

Paper 7100/12
Multiple Choice

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

General comments

The multiple-choice paper consisted of 40 4–option questions, of which **Question 2**, **Question 6**, **Question 14**, **Question 19**, **Question 22**, **Question 23** and **Question 31** presented data in either tabular or diagrammatic format. The paper also contained 4 numerical questions, numbered **Question 2**, **Question 8**, **Question 9** and **Question 13**, which required skills of calculation.

At least 6 questions in this particular paper can be classified as easy questions because these received a correct response from more than 85 per cent of candidates. Of these **Question 1**, **Question 15**, **Question 19**, **Question 21** and **Question 32** were answered correctly by more than 90 per cent of candidates. In comparison, there were only 2 questions out of 40 than can be classified as relatively challenging. These two are discussed in this report.

Comments on specific questions

Question 24

This fair and accessible question only required demonstration of knowledge of important commercial documents in trade and insurance. The answers were split almost equally between options **A**, **B** and **D**. The correct answer, option **A** *a bill of lading*, was selected by 30 per cent of the total candidates. This low percentage of response indicates a lack of knowledge, perhaps specifically of the term negotiable, which means a document which (1) guarantees payment and (2) is transferrable. These two rules do NOT apply either to option **B** *a cover note* OR to option **D** *an insurance policy*. Though option **C** *an air waybill* is a document of domestic and international trade, it acts only as an advice note and receipt.

CAMBRIDGE
International Education

Question 40

This question required thorough knowledge of remedies proposed and actions expected from retailers in instances where consumers exert their rights. However, it was a fair question with no greater degree of difficulty than any other questions. Option **C** *make eye contact with the customer but say nothing* could be easily eliminated as evident from the percentage of answers this option has received (just 1 per cent). Option **A** *apologise but explain to the customer that the shoes are worn* was selected by 52 per cent of the total candidates. Only 26 per cent of candidates chose the correct option **D** *offer to exchange the shoes immediately for the customer*. This indicates a lack of depth in understanding of this topic on consumer protection.

COMMERCE

Paper 7100/13
Multiple Choice

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

General comments

The multiple-choice paper consisted of 40 4–option questions, of which **Question 3**, **Question 18**, **Question 22** and **Question 29** presented data in either tabular or diagrammatic format. The paper also contained 4 numerical questions, numbered **Question 8**, **Question 11**, **Question 17** and **Question 33**, which required skills of calculation. At least 7 questions can be classified as easy questions because these were answered by over 80 per cent of the candidates. Of these **Question 1**, **Question 23** and **Question 35** were answered correctly by more than 90 per cent of candidates. However, the paper also had questions that a majority of candidates found difficult. In particular, these were **Question 6**, **Question 16** and **Question 40** which received correct response from less than 20 per cent of total candidates.

Comments on specific questions

Question 6

This was a fair and accessible question. The correct answer was option **B** *creditworthiness. It* received correct response from only 13 per cent of total candidates. A majority of candidates chose option **A** *consumer credit* as their correct response. The term *consumer credit* is a generic term for various types of credit offered by a retailer to a consumer. Option **C** and option **D** are incorrect because these are two types of consumer credit.

Question 16

This question was very accessible because it clearly gave a big hint by stating '**imported steel**'. Both, option **B** *excise duty* and option **C** *export duty* are duties levied on locally produced goods. Therefore, for this particular question, the challenge for candidates came only from correctly recalling the difference between option **A** *ad valorem duty* and option **D** *specific duty*. The correct option **D** was selected by only 18 per cent of candidates. The incorrect option **B** *excise duty* was selected by a majority of candidates (45 per cent). This clearly indicates that candidates were not able to recall the definitions of various types of import and export tariffs.

Question 40

This was a negative (NOT) question, which generally presents a relatively higher degree of challenge because of some analysis involved in answering. However, this particular question was fairly straightforward and knowledge driven. The fact that an overwhelming 64 per cent of the total candidates chose option **A** *advertising codes of practice* indicates that the topic of consumer protection was not fully understood by a majority. However, the fact that the correct option **D** *provision of after sales service* was selected by 18 per cent of the total candidates shows some candidates had strong knowledge of consumer protection.

It was important for candidates to understand that *provision of after sales service* by a manufacturer or a retailer is a voluntary selling technique or a marketing tool for gaining sales. It is not a mandatory form of consumer protection.

COMMERCE

Paper 7100/22
Written

Key messages

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

- Candidates should be reminded that for this GCE O Level Commerce syllabus, it is the quality of the response that determines the level an answer achieves for the three 6-mark questions and the two 8-mark questions, rather than the quantity of correct statements contained within an answer. Quality is determined by progression through the hierarchy of the four assessment objectives set out in the syllabus.
- Note the number of marks awarded on each question.
- Use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.
- Read and re-read questions before answering. Weak responses were often characterised by not taking enough time to fully register both the general focus of questions, and 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 or best.
- Show working out in any calculation questions.
- Revise all areas of the syllabus.
- Candidates should learn succinct and accurate commercial definitions.
- Answers to 6 and 8 mark questions should always be developed with examples and/or application.

Candidates should note AO4 on these questions account for 2 marks, therefore, the absence of a conclusion/evaluative judgement restricts the maximum mark they can achieve on these questions. Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not score marks – these should be explained to get the marks.

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 parts of **Question 2** and **4**, where many candidates found it difficult to gain good marks on the topics of wholesaling and trading blocs. Apart from this, it was evident to 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 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 4(c)(i)** asked candidates to 'Define quota.' Command words such as 'Define', '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 context. In this examination, the context to Question 2 was trade documents. For example, **Question 2(b)** asked candidates to 'Calculate how much the retailer paid for the goods.' Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level and requires a candidate to make themselves familiar with the context provided.

AO3 (Analysis) requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 5(a)** asked candidates to 'Identify the age group with the lowest number of accidents per million drivers.' 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 1(c)** asked candidates 'Do you think warehouses should use more technology?' Command words such as 'Explain why', 'Do you think', 'Discuss', 'Assess' 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 1(b)** candidates were asked to 'Explain **two** disadvantages of division of labour to a manufacturer.' Some candidates gave three reasons. 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 that could be used elsewhere.

Comments on specific questions

Question 1

(a) The majority of candidates could explain the term 'division of labour' but often forgot to include an example from Fig. 1.1. There were also some candidates who did include an example that was not shown in Fig. 1.1.

(b) The best answers identified and explained two different disadvantages of division of labour to a manufacturer. Marks were not awarded to candidates who gave advantages instead of disadvantages or who repeated the same disadvantage again using different wording. A good example is below:

1 Production workers in a factory can become bored doing the same task. This can lead to mistakes and poor quality of work.
2 If a production worker is absent, this can lead to production being halted as there is no one with the same skills to replace them.

(c) Centres should note that a question beginning with the command words 'Should this', 'Do you think' or 'Do you agree' means that the reasoning can be on either side as long as it is justified. The best answers recognised that there would be pros and cons to warehouses using more technology. Weaker answers did not apply their answers to the context of the question, and often described warehouse functions.

(d) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.

(e) It was clear that candidates had sound knowledge and understanding of both social media and television as methods of advertising. Many candidates suggested television advertising would be best as it had a wide national audience and high engagement from action scenes. Other candidates explained the merits of using social media advertising in targeting young customers with the use of viral marketing. The strongest answers explained and analysed advantages and disadvantages of both types of advertising with a supported recommendation based on the context and arguments presented. Weaker answers described the two methods of advertising without analysing or evaluating them.

Question 2

(a) (i) Many candidates knew that a quotation was sent in response to an enquiry.

(ii) Many candidates were unable to state the reason for issuing a credit note. Some confused this commercial document with credit payments.

(b) There was a very high proportion of correctly calculated answers for maximum marks. Incorrect answers added the trade discount and cash discount percentages together.

(c) Stronger answers explained two advantages to small-scale retailers of buying their stock from a wholesaler instead of buying from a manufacturer. Weaker answers identified one or two advantages without subsequent linked explanation. One good example is below:

1 The wholesaler will allow credit to a small-scale retailer whereas a manufacturer will expect to receive prompt payment.
2 The wholesaler can provide a small-scale retailer with a great variety of goods to choose from while a manufacturer will only be supplying one or two individual items for sale.

(d) The best answers described and analysed why a wholesaler should or should not sell direct to the public, with a final evaluation. Weaker answers simply described advantages of selling direct without analysing them, so were unable to access higher marks. A good example is below:

Selling direct to the public allows wholesalers to cut out the retailer and sell at lower prices which could attract more customers. There would be contact directly with customers so they would find information on customer wants and could target their products to meet those wants and so increase sales.

However, selling to their existing retail customers and direct to the public would increase their workload. They might also need additional premises, a retail shop for direct sales as well as the warehouse for retailers. This would increase fixed costs. Then there is the logistics issue of more deliveries to the public resulting in higher transport costs unless the customers pay for delivery. Yes, it is a good idea for wholesalers to add to their chain of distribution by selling direct to the public but if they also lose some of their retail customers in doing so. It would become more risky and less profitable.

Question 3

(a) (i) There was a good proportion of correctly calculated answers. Weaker answers used the correct workings but gave an incorrect final answer. This emphasises the importance of showing workings for every calculation.

(ii) There were many acceptable reasons given on why Dani accepts debit cards for cash sales.

(iii) The majority of candidates precisely defined the term 'credit sales.'

(b) This question proved to be more difficult for many candidates than was expected. Some candidates thought speciality shops sold a variety of goods.

(c) This proved to be a well-answered question. Most candidates gave relevant points on why it was a good idea for Dani to be a sole trader such as that she can input her own ideas and receive all the profits. Marks for sometimes lost by candidates who did not explain their reasons. A good example is below:

As the music shop is small, Dani as a sole trader can offer a personal service which would attract new customers. Also, being her own boss, she makes all the business decisions without asking for anyone else's approval. However, she will always find it difficult to fund expansion so it might be a good idea to operate as a partnership. In this way, she could obtain funds from the other partner and share ideas to develop the music shop further.

(d) It was clear that candidates had some knowledge and understanding of these two different sources of finance that Dani could use to fund the expansion of her business. Some candidates suggested a loan would be best and explained that a loan can be repaid over a long period of time. Other candidates explained the merits of an overdraft so that there would be less paperwork to complete and she could receive the money quickly. The strongest answers explained and analysed advantages and disadvantages of both sources of finance with a supported recommendation based on the context and arguments presented.

Question 4

(a) Many candidates were able to state one relevant benefit of using ferries to transport freight.

(b)   There were many acceptable port services identified by candidates but they often had difficulty in describing the service.

(c) (i)   This question required a precise definition of the term 'quota.' Answers such as 'restricting imports' or 'having a limit' were not precise enough to be creditworthy.

(ii)   The strongest answers gave both reasons for and against the imposition of trade restrictions. Weaker answers gave one or two points with limited explanation. A good example is below:

Yes, it would be a good idea for a country to impose trade restrictions as this would prevent the dumping of goods from abroad which results in unfair competition for domestic producers. If these local producers are protected, they can provide local employment helping the national economy. However, many consumers require cheaper and higher quality goods from abroad and would not want to see trade restrictions, such as embargoes imposed.

(d)   Many candidates had difficulty answering this question. The best answers produced a well-argued answer, with relevant supporting evidence, on the benefits of joining a trading bloc with a developed evaluation. However, many candidates failed to produce relevant evidence and tended to discuss general knowledge points relating to international trade, without analysis.

Question 5

(a)   The majority of candidates, using Fig. 5.1, identified the correct age group for the lowest number of motor vehicle accidents.

(b)   This question proved challenging for many candidates and produced a mixed range of answers. The strongest answers gave both reasons and linked examples, on why people may be quoted premiums for car insurance. Weaker answers did not include examples or repeated the same reason as their second answer using different wording. A good example is below:

1   One person might have a history of past car insurance claims. This would result in higher premium as statistically they are more liable to be involved in another accident.
2   The model of the car being driven may be very expensive, such as a new sports car. The high cost of repairs would mean that a higher premium would be charged.

(c)   The correct answer of $360 was frequently given.

(d)   This True and False question on transport and the environment produced a range of marks from zero to three with the third statement being the least well answered.

(e)   The best answers described and analysed the possible benefits to a business of owning its own fleet of trucks to make deliveries with a judgement made on whether it had more benefit than weaknesses. The better answers weighed up the possible cost-savings and direct customer contact benefits against the capital and running costs. The best candidates pointed out this balance in their evaluations. Weaker answers were narrower in focus and lacked analysis. A good example is below:

If a business owns their own fleet of delivery trucks they can advertise on the side of the vehicles with images of their products and have increased brand awareness. This is a cheap form of marketing. Also, delivery times to customers can be more flexible to meet customers' needs as they do not have to rely on the timetables of a third-party carrier. Also, as they are not paying the third-party carrier, they are saving money which could be passed on to consumers through lower prices. The initial cost of acquiring trucks could be high but a larger business should be able to afford it. Ongoing maintenance of trucks could also be high and they will need to recruit and pay the wages of drivers which all increases costs and they may not want to increase prices to cover those costs because they might lose customers. Despite increased initial costs, having their own fleet of delivery trucks has more benefits for a business, if they can afford it, because of higher sales from brand awareness and greater control over the movement of their goods.

COMMERCE

Key messages

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

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- Look for the important words in each question, e.g., command words such as explain or describe and key words such as suitable or best.
- Show working out in any calculation questions.
- Revise all areas of the syllabus.
- Candidates should learn succinct and accurate commercial definitions.

Answers to 6−8 mark questions should always be developed with examples and/or application. Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not score marks – these should be explained to get the marks.

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 parts of **Question 1** and **5**, where many candidates found it difficult to gain good marks on the topics of regional distribution centres and sources of finance. Apart from this, it was evident to 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 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(b)** asked candidates 'Name **one** other type of production.' 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 context. In this examination, the context to **Question 2** was about Jessica and Ahmed, partners in a plastic manufacturing business. For example, **Question 2(a)(iii)** asked candidates to 'Calculate the working capital of this business.' Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level and requires a candidate to make themselves familiar with the context provided.

AO3 (Analysis) requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 3(a)(ii)** asked candidates to 'Identify **one** disadvantage to Munira of advertising special offers.' 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 5(c)** asked candidates 'Do you think this retail company should offer free delivery on orders over $100?' Command words such as 'Explain why', 'Do you think', 'Discuss', 'Assess' 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 1(c)** candidates were asked to 'Explain **two** reasons why businesses use road transport.' Some candidates gave three reasons. 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 that could be used elsewhere.

Comments on specific questions

Question 1

(a) (i) The term 'logistics' was not well defined by candidates. Candidates were expected to study Fig. 1.1 and then use it to support their knowledge of the term.

(ii) There were many valid methods of sea transport given. However, as the context was delivering sportswear, methods such as OBO ship or tanker were not acceptable.

(b) The correct answers of either primary or tertiary production scored highly.

(c) This proved to be a well-answered question. Most candidates could explain one reason why businesses use road transport. Marks were sometimes lost by candidates who did not explain their reasons. A good example is below:

1   Road transport provides door-to-door delivery which gives customer satisfaction and saves transport costs for the buyer.
2   There is no timetable restriction on when the goods can be carried unlike rail transport.

(d) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.

(e) This proved to be a challenging question for most candidates. There seemed to be a general lack of knowledge on the topic of regional distribution centres. It was only a minority of candidates that demonstrated knowledge of RDC features and their importance to large-scale retailers.

Question 2

(a) (i) The correct answer of bank overdraft was frequently given.

(ii) Most candidates could identify a current asset from Fig. 2.1.

(iii) Many candidates used an incorrect formula when calculating working capital. In consequence, they received zero marks.

(b) Good answers identified and explained one reason why Jessica and Ahmed needed to have employer's liability insurance. Marks were often lost by candidates who did not explain why it was important to them. A good example is below:

Jessica and Ahmed need to have employer's liability insurance in case one of their employees has an accident at work and is injured. By having this insurance, the employee's medical bills will be covered so saving the partners from paying out compensation.

(c)   Centres should note that a question beginning with the command words 'Do you think' or 'Do you agree' means that the reasoning can be on either side as long as it is justified. The best answers recognised that there were pros and cons of whether partnership was the best form of ownership for Jessica and Ahmed's business. Weaker answers lacked justification of their reasons.

(d)   This question was generally well attempted. The question was looking for the environmental impacts of locating a factory near a populated area, such as the negative impact of air pollution and the potential positive impact of the factory using cleaner energy sources. The best answers analysed at least two impacts and made supported reasoned judgements in a conclusion. Weaker answers simply mentioned one or two impacts, often without application to the context or without any analysis.

Question 3

(a) (i)   The majority of candidates stated a valid feature of a sole trader.

   (ii)   Good answers recognised that advertising special offers might affect Munira's profit margins.

            Weaker answers thought that she would make no profit or gave an advantage of advertising special offers instead.

(b)   There were many acceptable reasons given on why businesses accept credit card payments.

(c)   There seemed to be a general lack of knowledge on the topic of cash and carry warehouses. Only a few candidates were able to make judgements related to the advantages of purchasing stock there.

(d)   The best answers identified and explained two advantages to Munira of becoming a franchisee. Weaker answers simply identified one or two advantages without explaining them or confused the term franchisee with franchisor. A good example is below:

            1   Munira is likely to receive higher profits from a recognised pizza brand so there is less risk of her failing.
            2   She will be offered support in advertising and buying stock so this will help her to reduce costs.

(e)   It was clear that many candidates had sound knowledge and understanding of both local newspaper and leaflet advertising to promote the pizza restaurant. Many candidates suggested local newspaper advertising would be best as it would contain lots of detail, such as menu prices, that an interested consumer could review before buying a meal. Other candidates explained the merits of using leaflet advertising in targeting customers with more visual images than facts. The strongest answers explained and analysed advantages and disadvantages of both types of advertising with a supported recommendation based on the context and arguments presented. Weaker answers described the two types of advertising without analysing or evaluating

Question 4

(a)   This True and False question on statements linked to Fig. 4.1 produced a range of marks from zero to three with the third statement being the best answered. The majority of candidates knew that country M had both visible exports and invisible imports.

(b)   This question required answers on two reasons why effective communication is important to exporters of flowers. Many candidates could identify relevant reasons, such as to reduce misunderstanding and to ensure prompt delivery. Good answers developed these reasons by linking them to the context of flowers, while weaker answers tended to write a list of reasons without related explanation or application.

(c)   Candidates generally had sound knowledge and understanding on the topic area of trade restrictions. Stronger answers analysed the positive and negative effects of introducing trade restrictions, with some answers referring to the data in Fig. 4.1, together with a reasoned evaluation. Weaker answers simply described what trade restrictions were, without considering their effects on country M. A good example is below:

Trade restrictions include quotas, tariffs and embargoes. An import quota is used by countries to put a limit on the total amount of a particular product that is allowed into a country. This will reduce the need for country M to import these products as local industries will be encouraged to produce them instead. As demand for local products are increased this will encourage economic growth and improve the balance of trade of the country. However, other countries may retaliate and impose quotas themselves so affecting country M's export opportunities.

A tariff can provide revenue to country M which can then be spent on new roads and new hospitals.

However, the importing countries may also retaliate by imposing duties on country M's exports leading to reduced exports and job losses in those industries.

Overall, looking at Fig. 2.1, it might be best if country M could try to increase the exports of vegetables and flowers. They will need to maintain the imports of cotton to ensure the production of clothing. Certainly, the country has to be mindful that their balance of trade needs to improve.

Question 5

(a) It was expected that this question would be better answered. The best answers stated two clear advantages of being an online retailer whereas there were many weaker answers that gave advantages to the customer rather than the retailer.

(b) There was a high proportion of correctly calculated answers to this question. The vast majority of candidates gave $639 as the correct answer. A minority of candidates lost one mark by not deducting the discount figure from the total purchase figure.

(c) In answering this question, candidates had to decide whether the online retailer should offer free delivery on orders over $100.The best answers justified their reasoning with developed explanation. Weaker answers identified one or two points without applying, or developing, their answers. A good example is below:

Offering free delivery can attract customers to purchase goods and could lead to customers purchasing other high-price items as well. However, free delivery reduces profit margins and if the goods have to be transported over long distances this will increase their costs. At the end of the day, free delivery of over $100 is too high to attract customers. If the retailer wants to increase sales it might be better to offer free delivery on cheaper goods.

(d) Many candidates gave a relevant reason why a secure ecommerce website is necessary.

(e) Many candidates seemed to have limited knowledge and understanding of the two different sources of finance that this retail company could use to finance a new warehouse. The best candidates suggested a mortgage would be best and explained that it can be repaid over a long period of time. Other candidates explained the merits of issuing shares, including the point that there would be no interest to be paid. These answers then made a supported recommendation based on the context and arguments presented. Weaker answers described the sources of finance without analysing or evaluating them.