

# COMMERCE

Paper 7100/11  
Multiple Choice

Question Number	Key	Question Number	Key	Question Number	Key	Question Number	Key
1	A	11	A	21	D	31	C
2	B	12	C	22	A	32	C
3	A	13	B	23	D	33	D
4	A	14	B	24	D	34	D
5	D	15	B	25	A	35	C
6	C	16	C	26	D	36	A
7	C	17	C	27	A	37	A
8	D	18	D	28	A	38	D
9	C	19	B	29	B	39	B
10	B	20	A	30	C	40	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, 18, 20, 25 and 29** and some requiring candidates to use numerical data such as **Questions 13, 15, 17, 19, 32 and 36**.

There were 485 candidates for this examination. The mean was 25.602 with a standard deviation of 5.659. The highest score was 38 marks and no candidate scored below 10 marks.

**Questions 5, 7, 9, 18, 20, 22, 29, 32, 35, 37, 39 and 40** were answered correctly by over 75 per cent of candidates.

## Comments on specific questions

Less than 40 per cent of candidates gave the correct answer to the following questions:

### **Question 13**

In **Question 13**, option **B** was the correct answer as trade discount has to be deducted. Many candidates thought the correct answer was option **A** without the trade discount deducted and a number of candidates thought that a new invoice should be issued, so choosing option **C**.

### Question 16

Very few candidates chose the right answer – option **C** in **Question 16**. Although widely used to describe bringing in very cheap imports to a country, perhaps the term ‘dumping’ is unknown to candidates. Option **B** – competitive trading – was the popular choice and made some sense in terms of the question.

### Question 25

In **Question 25**, 39 per cent of candidates recognised option **A** as the correct answer. Option **C** attracted a significant number of responses. This suggests that the principle of TIR is not fully understood by all candidates.

### Question 38

**Question 38** caused problems for many candidates. They did not understand what are meant by ‘social factors’ as opposed to political, technological or economic factors affecting the environment of business. Option **D** was the correct answer, but all other options attracted responses showing an element of guessing.

Other questions which proved difficult for candidates were:

### Question 6

Although 47 per cent of candidates chose the correct answer – option **C**, option **A** about security proved to be a positive distracter and was chosen by 45 per cent of candidates.

### Question 23

**Question 23** on post office services presented some problems with more candidates choosing option **B** express delivery than option **D** registered post for sending valuables. Whilst speed is necessary, the safeguards afforded by registered post make it more suitable for valuable items.

### Question 24

Ro-ro ferries, roll-on, roll-off ferries are the most suitable form of transport for exporting cars which can be driven on and then off these ferries. Most candidates realised this in **Question 24** but option **B** the cargo liner proved to be a positive distracter attracting many responses.

# COMMERCE

Paper 7100/12  
Multiple Choice

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

There were 843 candidates for this examination, a significant decrease in entries. The mean mark was 29.425 with a standard deviation of 5.221. A very high standard of work was shown with 7 candidates scoring 40 marks and no candidate scoring below 14 marks.

**Questions 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 15, 21, 23, 26, 31, 32, 33, 35, 37 and 39** were answered correctly by over 75 per cent of candidates.

## Comments on specific questions

Less than 40 per cent of candidates gave the correct answer to the following questions:

### **Question 27**

In **Question 27** about delivery of goods ordered on the internet, all options attracted a number of responses, suggesting an element of guessing. Option **A** – drones was the correct answer.

#### Question 40

In **Question 40**, option **D** proved to be a positive distracter with more candidates choosing this option – service – than the correct answer – option **C**. Perhaps the word ‘redress’ was difficult for candidates to understand. It means to remedy or set right an unfair situation, in this instance a TV which has developed a fault soon after purchase.

Other questions which caused some problems for candidates were:

#### Question 19

**Question 19**, where 55 per cent of candidates identified option **C** as the correct answer but a significant number thought that advertising expenditure is always passed on to the consumer, option **A**. This is not always the case.

#### Question 28

Although 44 per cent of candidates answered **Question 28** correctly recognising that apples are a seasonal product, more candidates chose option **C**, regarding apples as being mass produced. This term is usually applied to manufactured goods.

# COMMERCE

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<p>Paper 7100/21 Paper 2</p>
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## 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. Weaker 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 candidates 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 4(c), 5(b) and 5(d)**, where many candidates found it difficult to gain good marks on the topics of sources of finance and international payments. 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 indicate 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 2(a)** asked candidates 'State **two** characteristics of a hypermarket.' 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 1** was about primary production. For example, **Question 1(a)(i)** asked candidates to 'Give **one** example of mining.' 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 2(b)** asked candidates to 'Explain **two** effects on retailers in the shopping mall when the hypermarket opens.' 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(d)** asked candidates to 'Discuss whether or not the internet is an effective advertising medium to promote Keeya's mobile phones?' 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 4(a)** candidates were asked to 'State **two** features of a cold storage warehouse.' Some candidates gave three or four features and some simply repeated a feature already given but 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 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 majority of candidates could provide a valid example of mining. Marks were lost by candidates who stated that steel was mined underground.
- (ii) Correct answers, such as farming, were often given as an 'other industry in the primary sector' by candidates using the data presented in Fig. 1.1.
- (b) Centres should note that a question beginning with the command word 'Is it', '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 specialisation applied to a country. A good example is below:
- On the one hand, it would be good idea for this country to specialise in primary production. As this country has so many raw materials, there would be less needed to import them. In fact, it will enable the country to earn foreign currency by exporting the primary products. However, there is the danger of eventually running out of these primary materials as well as damaging the natural environment of the country. Therefore, it might be better for this country to have a mixed industrial sector with more manufacturing taking place.*
- (c) The best answers identified two advantages and explained why primary goods are transported by train. Weaker answers simply identified one or two advantages without explaining them.
- (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 the possible implications of both options that a fisherman could use to sell their fish, with a judgement made on which option was the best to implement. There were many perceptive answers stating that selling fish directly to customers in a fish market would enable them to receive their money without delay helping their cash flow, but there would be a problem if all the catch was not sold as they could be left with decaying or heavily discounted fish. Alternatively, if they sold their fish to a wholesaler, they would be able to sell all their fish but would have to take a cut in their profit owing to paying wholesaler's commission. Weaker answers only considered one option or lacked analysis prior to recommendation.

#### Question 2

- (a) The majority of candidates could state two characteristics of a hypermarket. Some candidates incorrectly thought that a hypermarket is like a department store and offers personal service.

- (b) Good answers identified and explained two different effects on retailers when a hypermarket opens close to their stores. Weaker answers often only identified one or two effects without adequate supporting explanation. Other candidates simply described the situation without analysing the effects. A good example is below:
1. *The retailers will face increased competition so they might need to reduce their prices to keep their existing customers and beat the competition.*
  2. *They would start seeing a fall in sales as customers are attracted to the new hypermarket. This would affect their profits and could mean the closure of some retail stores.*
- (c) Stronger answers explained reasons why a hypermarket should, or should not, offer hire purchase when selling televisions. These candidates applied their answers well to the fact that televisions are expensive and so credit from hire purchase would be a good idea. Weaker answers identified one or two points about hire purchase without applying their answers to selling televisions.
- (d) This question proved challenging for many candidates. The question was looking for location factors that would be important for the success of the new hypermarket, such as being near transport links and having a large cheap area. The best answers analysed at least two factors and made supported judgements on how important location was. Better responses recognised that other factors, apart from location, were important to the success of the hypermarket. These included the quality and prices of goods offered. Weaker answers simply described one or two location factors, often without application to a hypermarket.

### Question 3

- (a) (i) The majority of candidates knew that \$2 was the correct answer.
- (ii) Many candidates gave \$13 as the correct answer.
- (iii) Many candidates were unable to use Fig. 3.1 to identify 'registered post' as the postal service that provides proof of delivery. Some candidates gave answers such as 'delivery note' or 'email' that are not postal services or shown in Fig. 3.1. This emphasises the importance of carefully reading the question.
- (b) In their explanations of differences between two commercial documents, many candidates knew that orders were sent from the buyer to the seller and invoices were sent from the seller to the buyer. However, candidates often found difficulty in explaining a second difference. A small minority of candidates confused the two documents.
- (c) (i) Many attempted definitions of the term 'tariff' lacked precision.
- (ii) Although many candidates knew that the effect of a \$2 tariff would be to increase the price of each phone sold by Keeya, they were often unable to explain the effect. A good example is below:
- This means that each mobile phone sold by Keeya will become more expensive to sell by \$2. This might have the effect of Keeya selling less phones as customers, instead of paying the extra charge, will decide to buy mobile phones in their own country.*
- (d) It was clear that candidates had some knowledge and understanding of internet as an advertising medium. Many candidates suggested that internet advertising would have worldwide coverage and be less costly than other advertising media such as television. Other candidates explained that not everyone had access to the internet and some consumers prefer not to buy their phones over the internet. The strongest answers explained and analysed the pros and cons of internet advertising with an evaluated conclusion. Weaker answers described internet advertising without analysis or evaluation.

### Question 4

- (a) Very well answered by many candidates who gave two valid features of a cold storage warehouse. The storage of perishable goods and refrigerated units were frequently supplied correct answers
- (b) This question was not well answered. Good answers identified and explained two different disadvantages of being a private limited company. The majority of candidates lacked knowledge

and understanding of private limited companies, often confusing them with public limited companies. A good example is below:

1. *Private limited companies cannot sell shares to the public on the stock exchange which means it is difficult to raise money to expand.*
2. *There are legal documents such as the Articles of Association to set up a private limited company which adds to extra costs compared to setting up a partnership.*

- (c) This question proved challenging for many candidates. It was clear that candidates had better knowledge and understanding of retained earnings than leasing as sources of finance. Some candidates suggested retained earnings would be best and then explained that retained earnings would save money as there would be no interest to repay. Some candidates explained the merits of obtaining a lease as the most suitable source of finance to use so that they could spread repayments. 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. Weaker answers described the two sources of finance without analysing or evaluating them. Some candidates confused leasing with sale and leaseback.
- (d) (i) The strongest answers were from those candidates who recognised that CC Foods would want to underinsure the warehouse to save money by paying lower premiums. Weaker answers lacked knowledge of under-insurance.
- (ii) There were generally improved answers to this question part with a number of candidates applying sound application of under-insurance by stating that if CC make a claim, they will not be fully compensated.

#### Question 5

- (a) The correct answer of BB Ltd was frequently chosen.
- (b) There were a sizeable minority of candidates who were unable to complete the two parts correctly to Fig. 5.1. A common error was to give home commercial documents instead of international documents such as the bill of lading.
- (c) This True and False question on international bank payments produced a range of marks from zero to three with the second statement being the most well answered.
- (d) This question was not answered well. It asked for a consideration of two factors, apart from speed, that a company would contemplate before making an international payment. Consideration of factors such as cost, security and exchange rates, for example, were expected with supporting analysis and evaluation to produce a good answer. Many answers only described one or two factors. A good example is below:

*One factor for a company to consider when making an international payment is the exchange rate. Exchange rates fluctuate on a daily basis, so one day another country's currency can be low and the next day high. A company needs to buy the exchange rate when it is low to reduce costs.*

*Security is another factor to consider. The company needs to make sure that the way they send the payment is secure so that fraud or theft cannot occur. Otherwise, they could end up being scammed out of their money.*

*Overall, although both of these factors are important the company will need to consider other factors such as the amount to be paid to allow the payment to be completed to the satisfaction of both the buyer and the seller.*



# COMMERCE

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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 candidates 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(b)(ii), 4(b) and 5(c)**, where many candidates found it difficult to gain good marks on the topics of working capital, insurance premiums and trade deficit. 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 indicate 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 2(a)** asked candidates to 'State **two** features of a cash and carry wholesaler.' 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 3** was about advertising expenditure for different forms of advertising media. For example, **Question 3(b)(ii)** asked candidates to 'calculate the working capital of the 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(c)** asked candidates to 'Explain **two** disadvantages to retailers of accepting credit card payments.' 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 4(c)** asked candidates to 'Assess the benefits and drawbacks of buying insurance from an online insurance company.' 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 2(b)(ii)** candidates were asked to 'Explain **two** factors that would help Mrs Kadar decide which quotation to accept.' Some candidates gave one or three factors. 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) There was a high proportion of correctly calculated answers for maximum marks.
- (ii) The term 'Proceed to Checkout' was generally understood, although some candidates thought it was there to provide delivery details.
- (b) 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 retailers in offering free shipping on orders over \$100. Weaker answers did not apply their answers to the context of the question. A good example is below:
- If the online retailer offers free shipping on orders over \$100 this will attract customers as shoppers are likely to spend more than \$100 to save on delivery costs. However, there will be a reduction on profit margins on goods sold. Overall, it is worth to provide free shipping as it increases sales and many other online retailers are already doing it.*
- (c) The best answers identified and explained two different disadvantages to retailers of accepting credit card payments. Marks were not awarded to candidates who gave advantages instead of disadvantages or who repeated the same disadvantage again using different wording. Please refer to the published mark scheme for the range of acceptable disadvantages.
- (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 advantages of branding, with a final evaluated conclusion stating how important it is to an online shoe retailer. Some candidates used examples of successful shoe brands to apply their answers. Weaker answers simply described branding but did not analyse or apply branding to an online shoe retailer.

#### Question 2

- (a) Many candidates were asked to state two features of a cash and carry wholesaler, for example, no credit and no delivery. Weaker responses stated advantages rather than features.
- (b) (i) Many candidates were unable to state the purpose of a quotation. Some confused this commercial document with insurance quotes or international trade quotas.

- (ii) Many candidates could identify two relevant factors that would help Mrs Kadar decide which quotation to accept such as the lowest costs, better delivery times and the best quality candles, but often found difficulty in clearly explaining these factors. Weaker answers often thought that Mrs Kadar was providing, rather than receiving, the quotations. A good example is below:

1. *Mrs Kadar should accept the quotation that gives her the best prices so that she can earn a higher profit margin when she sells the candles.*
2. *Mrs Kadar has to also consider the quality of candles offered by the different suppliers. The ones with the most desirable fragrance should lead to greater demand from her customers.*

- (c) Many candidates recognised that there would be greater potential warehouse space and cheaper rents if cash and carry warehouses were located outside town centres. Other candidates argued that locating out-of-town would not attract town centre retailers as they would not want to increase transport costs. Marks were lost by candidates who did not develop their reasoning with further points of explanation or did not apply their answers to the context.
- (d) Stronger answers explained some of the advantages of cash and carry warehousing to small-scale retailers, with supporting analysis that by offering a range of goods at competitive prices they were able to attract customers to buy their goods. Many of these higher-level answers evaluated that without these warehouses, small-scale retailers would find it very hard to survive against the competition from large-scale retailers. Weaker answers described one or two warehousing functions without analysis or subsequent evaluation.

### Question 3

- (a) (i) Many attempted definitions of the term 'mortgage' lacked precision.
- (ii) Many candidates identified 'overdraft' as an item of short-term borrowing.
- (b) (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) This question proved to be more difficult for many candidates than was expected. Candidates often did not know the formula to calculate working capital.
- (c) Creditworthy answers included the reason that Kyle has a small fitness studio, which meant that he lacked space to hold a large volume of clothes and drinks. Some candidates lost a second mark to this question by not developing their reason with a further point of linked explanation. For example, candidates sometimes said 'better to buy stock when required' without linking it to demand or storage costs.
- (d) This proved to be a well-answered question. Most candidates gave relevant points on why it was a good idea for Kyle to receive bookings, such as it would save him time, as well as being both cheaper and quicker for his customers. Marks were sometimes lost by candidates who did not explain their reasons.
- (e) The best answers described and analysed the possible implications, both positive and negative, of Kyle buying a fitness centre franchise with a judgement made on whether it has more advantages than disadvantages. There were some useful evaluations that built upon Kyle's situation of being relatively inexperienced as a sole trader. Weaker answers described one or two of the two AO1 and AO2 points. A good example is below:

*A franchisee buys a franchise from a franchisor. A franchise already has an established name so that will benefit Kyle as he will not have to establish his own business reputation. An established franchise will attract more customers and so more income. Also, he will receive free advertising so that will reduce his marketing costs and he can always ask the franchisor for advice. This will help Kyle as he has admitted that he has made mistakes in the first year as a sole trader.*

*Despite these advantages, Kyle will have to pay for the franchise, which can be expensive. There will be royalties to be paid from any future profits that Kyle makes. He will also lose the control that he had as a sole trader as he does not have the freedom to make his own decisions on how the franchise will operate.*

*Overall, much will depend on whether Kyle sees that he now needs the support and bigger market potential of being a franchise or whether he wants to keep full control and 100 per cent of the profits.*

#### Question 4

- (a) (i) Many candidates were unable to fully explain the term 'direct debit'. Inadequate answers included 'a fast payment,' 'transferring money from one account to another account' and 'giving money to someone directly.'
- (ii) There were many acceptable reasons given on why insurance companies accept debit card payments for premiums.
- (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 different premiums for life cover by the same insurance company. 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 life threatening disease such as a weak heart. The risk of that person dying before a healthy person is higher, so the premiums quoted will be higher as well.*
  2. *One person might be a stuntman/woman whereas the other person might work in an office. Therefore the risk of death is greater for a more dangerous job. So the premiums for the stuntman/woman will be higher.*
- (c) In answering **part (c)** the best answers were balanced ones with candidates explaining at least two benefits and two drawbacks of buying insurance from an online insurance company. Benefits included the convenience of buying from home and possible cost savings to be made against the main drawback of losing the personal touch of obtaining the best information. Weaker answers often focused just on benefits or were less developed.

#### Question 5

- (a) (i) There was sound understanding of the term 'trade deficit' by the majority of candidates.
- (ii) The correct answer of 2000 was frequently chosen.
- (b) This True and False question on sea transport produced a range of marks from zero to three with the second statement being the least well answered.
- (c) The strongest answers explained and analysed both options, namely quotas and loans, to reduce a trade deficit with a justified recommendation based on the context and arguments presented. Weaker answers described one or two of the options without analysis or a justified recommendation. A good example is below:

*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 A 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 A's export opportunities.*

*A bank loan provides medium to long-term finance. Country A exporters could use the loan to stimulate production of exports and therefore increase its balance of trade. However, there are interest rates to be paid over the fixed period lent, and the exporter might not make enough profits to pay the loan back to the government.*

*In conclusion, Country A has a very large deficit. I recommend that it should use both options to reduce imports with the import quotas and to increase exports with the bank loans.*