

COMMERCE

Paper 7100/11
Multiple Choice

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

General comments

The multiple-choice paper consists of 40 4-option questions, of which 5 questions presented diagrammatic data. These included **Questions 1, 18, 25, 30, and 38**. In addition, **Questions 9, 11, 13, 14, 28 and 31** presented numerical data and required calculations.

Questions 1, 7, 17, and 27 were answered correctly by over 80 per cent of candidates. From these, **Questions 1, 7 and 27** were answered correctly by over 90 per cent of candidates.

Mean marks were 25.

Comments on specific questions

Performance in some specific questions is discussed below.

Question 20

This question was easy and its accessibility was reflected in the high percentage of correct responses. There can be no contention that email is a cheaper method than a courier for exchanging written communication between two business enterprises. Therefore, **C** is the **key** for this question.

Question 31

This calculation-based question was answered correctly by only one-third of the candidates who chose **B**. However, an almost equal percentage of candidates chose the incorrect answer **C**. This was a fair question. In all probability, the candidates who answered incorrectly likely made an error in their calculations.

Question 33

This is the question that candidates found most challenging. Only 20 per cent of the candidates gave the correct answer **B**, which was *clear substandard goods*. A large majority of candidates chose **D** which was *sell directly to retailers*. **A** and **C** received an almost equal number of responses.

Question 40

Less than 40 per cent of candidates chose the key, which was **D**, *take court action*. Almost 30 per cent chose **C**, *report to the police*. The candidates who chose the incorrect **A** and **B** were equal. Candidates clearly find consumer protection to be a difficult topic.

COMMERCE

Paper 7100/12
Multiple Choice

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

General comments

The multiple-choice paper consists of 40 4-option questions, of which 5 non-numerical questions presented diagrammatic data. These questions were **1, 12, 14, 18** and **38**. In addition, **Questions 6, 7, 13, 29** and **31** presented numerical data and required calculations.

Questions 1, 2, 8, 12, 18, 21, 23 and **27** were answered correctly by over 80 per cent of candidates. From these, **Questions 1** and **32** were answered correctly by over 90 per cent of candidates. Eight questions were answered correctly by less than 40 per cent candidates. These were: **Questions 6, 10, 14, 15, 20, 24, 30** and **40**.

Mean marks were 24.

Comments on specific questions

Performance in some of the questions is discussed below.

Question 6

Response to this calculation-based question was split almost equally between **B**, which was the key, and the incorrect **D**. Candidates who gave incorrect answers likely got their calculations wrong.

Question 10

The candidates found this question to be most challenging. Only 18 per cent of the candidates answered this correctly by choosing **C**, *factor*. A majority of candidates chose the incorrect **B**, *export merchant*. This was a fair question. Candidates possibly lacked some understanding of different intermediaries and their roles.

Question 14

The responses to this question were almost equally split between all four answers. With 29 per cent of candidates choosing the incorrect **C**, which was *Balance of Trade on capital account* compared to 27 per cent candidates choosing the key, which was **A**, *Balance of Payments on capital account*. It seems that the candidates were confused between the two terms.

Question 15

With just 37 per cent of candidates selecting the correct answer, this was a difficult question. With 25 per cent candidates choosing the incorrect answer **A** *arranging the transport, tracking and delivery of freight*. It is clear that candidates found this topic challenging.

Question 20

Almost 50 per cent candidates chose the incorrect **D**, *product promotion*, which looks like a very obvious answer. However, there are many terms in this topic which are distinct from each other. The correct answer to this question was Option **C**, *product placement*. The fact that only 5 per cent of candidates chose **B**, *product liability*, which is most certainly incorrect, shows it is likely that candidates who gave **D** as an answer were simply confused between the two key terms for this particular topic.

Questions 24, 30 and 40

These questions were fair and accessible, although candidates had difficulty answering them. This would indicate that candidates lacked some understanding of airport authorities, insurance and consumer law.

COMMERCE

Paper 7100/21
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. 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 – 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 receive 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(d)** and **4(c)**, where many candidates found it difficult to gain good marks on the topics of sea transport and insurance. 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 5(b)** asked candidates to 'State **two** reasons for the growth of mobile wallet use' 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 distribution. For example, **Question 2(a)(i)** asked candidates to 'Draw a circle around the company's logo.' 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 1(c)(ii)** asked candidates to 'Explain **two** reasons why increased traffic is a source of pollution in a country.' 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(b)** asked candidates 'Do you think Jimmy would be refused insurance for his new car?' 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 3(c)** candidates were asked to 'Explain **two** ways a customs authority might enforce trade restrictions on goods coming into a country.' Some candidates gave three ways and some gave one way. 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 correctly identified the type of industry in Fig. 1.1. Marks were lost by candidates who stated that manufacturing was a primary activity.
- (b) It was expected that this question would be better answered. The best answers demonstrated good knowledge of specialisation applied to a country. Weaker answers simply gave general benefits of specialisation or simply described the data in Fig. 1.1.
- (c) (i) The term 'multinational company' required a definition containing two features; a business with a head office in one country and a business that has operations in other countries.
- (ii) Good answers identified and explained two different reasons why increased traffic is a source of pollution in a country. Weaker answers often only identified one or two reasons without adequate supporting explanation. A good example is below:
1. Increased traffic leads to greater number of greenhouse gases being emitted into the atmosphere creating global warming and air pollution.
 2. Increased traffic results in noise pollution caused by traffic congestion and drivers honking their car horns.
- (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 advantages and disadvantages of MNCs setting up a country with a judgement made on whether the advantages were greater than the disadvantages. Most candidates saw MNCs as having more positive advantages to a country due to the creation of wealth and jobs although some candidates did mention their disadvantages on their use of non-renewable resources and greater competition for local businesses. Weaker answers lacked application to a country and described points, without analysis.

Question 2

- (a) (i) Many candidates were able to circle correctly around the logo in Fig. 2.1. Some candidates drew their circle incorrectly around the brand name.
- (ii) There was a very high proportion of correctly calculated answers for maximum marks. Incorrect answers added the selling price as well as the cost prices.
- (iii) Due to an issue with this question, full marks were awarded to all candidates for this question to make sure that no candidates were disadvantaged.

- (b)(i) A valid distribution channel was frequently chosen by candidates.
- (ii) The best answers identified a reason and explained why it is important to choose appropriate channels of distribution for pizzas. Weaker answers simply identified one or two reasons without explaining them. A good example is below:
1. Customers require their pizzas to be fresh so a shorter chain of distribution is needed for perishable foods such as pizza.
 2. Distributing their pizzas to restaurants would enable BB Pizza Company to sell at a higher price and also to have reduce their distribution costs compared to delivering pizzas directly to customers. This would increase their profit margin.
- (c) The best answers described and analysed the benefits to BB Pizza Company of promoting their new pizza range by direct mail or through free samples with a judgement made on which option was the best to use. Generally, there was better knowledge and understanding of free samples than for direct mail. In fact, direct mail was often confused with email marketing. Final judgements often revolved around whether a small number of consumers liked the free samples enough to buy the pizzas against the larger direct mail audience that could be targeted. Weaker answers often simply described direct mail and/or free samples without any analysis.

Question 3

- (a) One out of two marks was a frequent score to this question. Marks were lost by answers that did not mention imports and exports in their definition of visible trade.
- (b) The descriptions of containers were well known by the majority of candidates, with a range of suitable answers given.
- (c) This question required knowledge and understanding of two ways that a customs authority might enforce trade restrictions on goods coming into a country. Many candidates could identify relevant ways, such as the imposition of tariffs and quotas. Good answers developed these ways by explaining them, while weaker answers tended to write a list of one or two ways without related explanation.
- (d) This question was not answered well. It asked for a consideration of two factors, apart from security, that a company would contemplate when deciding to use sea transport. Consideration of factors such as cost, speed, and nature of goods, 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 using sea transport is the quantity of goods carried. For example, sea transport can carry large amounts of heavy goods such as coal and oil. For bulk cargo, lower costs are offered compared to say air transport.

Distance is another factor to consider. Sea transport can cover long distances across oceans which would not be possible for modes of land transport. Also, with containerisation on ships there is less risk of theft or damage to goods over such long journeys.

Overall, although both of these factors are important the company will need to consider the important factor of the transport costs to be paid to calculate a profitable return, otherwise all these other factors although useful to know are not enough to make the company a profit.

Question 4

- (a)(i) A large proportion of candidates were not able to identify the insurance document in Fig. 4.1. Many candidates thought incorrectly that it was a policy or a cover note.
- (ii) Many candidates identified the name of the proposer from the information given in the scenario.
- (iii) Good answers recognised that the proposal form needed a signature to confirm that there was proof of the agreement.

- (b) Centres should note that a question beginning with the command word ‘Do you think’ means that the reasoning can be on either side as long as it is justified. Many answers to this question balanced positive and negative points which generally worked well. One good example is below:

On the one hand, Jimmy lacks driving experience since he has only just passed his driving test. He would also be considered a big risk by the insurance company as he is driving a sports car which has a powerful engine which might lead him to drive too fast. On the other hand, he is legally old enough to drive and although the insurance premiums will be high, insurance cannot be refused to him as he owns the car.

- (c) This proved to be a challenging question for most candidates. The best answers described and analysed the insurance principle of utmost good faith and then made a judgement on its importance in the context of insuring a motor car. They 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 their lies. Weaker answers had limited knowledge and understanding of utmost good faith.

Question 5

- (a) There were many correct calculations using the data from Fig. 5.1.
- (b) Very well answered by most candidates who gave two valid reasons for the growth of mobile wallet use. The greater use of smartphones and online shopping were frequently supplied correct answers.
- (c) Stronger answers explained reasons why digital banking could, or will not, replace bank branches. These candidates often applied their answers well to the fact that less people are going into bank branches as they are increasingly using internet banking instead which provide most of the services that a bank branch does. A good example is below:
- Yes, digital banking makes it easier for the customer to carry out all their bank transactions, such as transferring payments, in the comfort of their own home without spending time and money to visit the bank branch. However, there are some transactions that are more complex, such as obtaining a loan, where a face-to-face meeting is preferred at a bank branch. So, although digital banking will close many bank branches it will possibly not completely close all of them.
- (d) This True and False question on credit produced a range of marks from zero to three with the third statement being the most well answered.
- (e) The best answers to this question utilised examples of poor communication given by a bank and then analysed their effects on customers such as deciding to bank elsewhere as well as tarnishing the reputation of the bank through poor customer satisfaction reviews. Weaker answers described generally what poor communication was without applying to the context of banking.

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. 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 – 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 receive the marks.

General comments

The paper proved to be accessible to candidates with all questions providing opportunities for candidates to demonstrate their knowledge, understanding, analytical and evaluative skills to 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 2(d)(ii)** and **4(d)(i)**, where many candidates found it difficult to gain good marks on the topics of limited companies and the role of an insurance broker. 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 3(a)** asked candidates to 'State **two** features of a trading bloc.' 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 5** was about the selling of go-kart experience packages. For example, **Question 5(a)** asked candidates to complete question **parts (i) – (iv)** on the invoice.' Command words such as 'How',

'Complete', '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(d)(i)** asked candidates to 'Explain **one** reason why customs officers might inspect the running shoes that AA Ltd transports overseas.' 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(b)** asked candidates 'Do you think Fig. 1.1 is an effective advertisement?' 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)** candidates were asked to 'Describe **two** differences between home and overseas trade.' Some candidates gave one to three differences. 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) Candidates generally demonstrated very good knowledge of the term 'online retailer' by defining it as someone who sells goods using the internet.
- (b) 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 Fig. 1.1 was an effective advertisement. Weaker answers did not apply their answers to the context of the question.
- (c) There were a good number of well-developed and focused responses considering the difficulties to Nazif of storing his stock in his parents' house and garage. Many candidates recognised the problems of adequate storage, adequate security, and the possible effects on home life. A good example is below:
1. Nazif may not be able to meet increased demand for his t-shirts if there is a lack of storage space in his house.
 2. It will be difficult to manage his t-shirts stock in this congested space leading to delays and wrong orders being sent to customers. This would affect future customer loyalty.
- (d) The majority of candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.
- (e) The best answers discussed advantages of Nazif selling to small retailers directly or using a wholesaler, and then analysed them with sound application, making a reasoned judgement based on their preceding analysis. There were many perceptive answers stating that selling t-shirts directly to retailers would enable him to have direct communication with the retailers so that he could be flexible in production deadlines, but there would be a problem if the retailers were not very good in providing customer service or in promoting his goods. Alternatively, if he sold the t-shirts to a wholesaler, he would be able to sell in larger quantities to one buyer but would have to take a cut in their profit owing to paying wholesaler's commission. Weaker answers offered discussion in a limited way, usually with an unsupported recommendation.

Question 2

- (a) It was expected that this question would be better answered. Good answers did identify two clear features of a private limited company such as limited liability and the restriction of share ownership. However, many candidates lacked knowledge and understanding of the term private limited companies, often confusing them with public limited companies.

- (b) The differences between home trade and overseas trade were generally well known. Marks were lost by candidates who did not match a second difference. For example, candidates knew that overseas trade can be subject to customs duties but not mention that home trade can be subject to excise duties.
- (c) The best answers demonstrated good knowledge of specialisation applied to an individual firm. Many answers balanced positive and negative points which generally worked well. A good example is below:
- On the one hand, it would be good idea for this firm to specialise in different parts of the production process. It will enable the workers to become more skilled as they are carrying out the same tasks repeatedly. This will lead to more output with lower costs for the firm. However, there is the danger of production being disrupted if one stage of the production depends on another stage. If one stage breaks down all the other production stages may be delayed.
- (d) (i) There were many relevant applied answers to this question. These often included the reason that customs officers needed to inspect the running shoes in case there was any illegal goods concealed in the packaging.
- (ii) Many candidates had difficulty answering this question. It was only the stronger answers that were able to analyse and evaluate which was the better form of business ownership for AA Ltd to choose. Weaker responses tended to demonstrate misconceptions and confusion, sometimes in relation to basic content of the differences between public limited companies and private limited companies. For example, a minority of candidates thought that public limited companies were government owned and that the owners of private limited companies had unlimited liability.

Question 3

- (a) Many candidates lacked a good understanding of the features of a trading bloc. Some candidates knew that there was free trade practiced in a trading bloc but found difficulty in providing a second correct feature.
- (b) Very well answered by many candidates who recognised that exporting would expand the size of the toy manufacturer's market leading to greater potential sales.
- (c) (i) Although many candidates knew that receiving an electronic payment would mean immediate payment, they were often unable to explain the benefit of this reason.
- (ii) There were generally very good answers to this question part with a number of candidates applying sound application by stating that the buyer would prefer to check the quality of goods before paying in advance, especially as BB Ltd were exporting for the first time. A good example is below:
- The buyer is frightened that the toys may not arrive or that they would be faulty. The retailer would then have the extra costs and the delay in sending back the faulty toys, affecting their cash flow in a negative way.
- (d) The strongest answers applied their answers to Fig. 3.1 and analysed reasons, including use of calculations, in deciding whether air or sea transport should be used to transport toys from Asia to the EU. The best answers recognised that toys were a non-perishable good and relatively inexpensive, so evaluated that sea transport would be better than air transport to move the goods. Weaker answers gained one or two marks in describing air and/or sea transport without applying their analysis to the context of the question.

Question 4

- (a) Many candidates were not able to give one other type of small-scale retailer, apart from a convenience store.
- (b) Questions beginning with the command words 'Do you think' or 'Is it a good idea' mean that reasons can be justified on either, or both, sides. The best answers explained either the benefits to Mrs Ali of offering informal credit to customers such as her ability to increase turnover and boost customer loyalty, or the drawbacks of the risk of bad debts and the need to keep careful records. Weaker answers lacked knowledge of informal credit or did not justify their reasoning.

- (c) Many candidates recognised that one advantage of Mrs Ali receiving 30 days' trade credit would be to improve her cash flow to buy more stock, but that receiving credit might damage future credit if she did not pay back the trade credit within the 30 days. A good example is below:

Advantage: Mrs Ali will be happy to receive trade credit as it is a cheap way of raising finance to buy stock and then pay it back when she sells the stock. Disadvantage: Mrs Ali may only receive limited funds which might not be very useful to make large purchases of stock

- (d) (i) This question proved challenging for many candidates. Candidates generally could describe one or two functions of an insurance broker such as offering advice and acting as an intermediary between customers and the insurers but found difficulty in demonstrating skills in analysing and evaluating their importance.
- (ii) 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.

Question 5

- (a) (i)-(iv) There were many candidates who were able to complete correctly all four parts to the invoice in Fig. 5.1. A common error was to give the total cost of \$30 to **part (i)** instead of the unit cost of \$5.
- (b) This True and False question on finance produced a range of marks from zero to three with the third statement being the least well answered.
- (c) It was clear that some candidates had good knowledge and understanding of an overdraft in developing their answers to the context of Hassan who required finance to buy three new go-karts and make repairs to two go-karts. The best answers made effective use of calculations to demonstrate that buying go-karts, costing \$8400, would be more appropriate for a long-term source of finance such as a bank loan whereas the repairs, costing \$600, would be appropriate for the overdraft as a short-term source of finance. Weaker answers described one or two features of an overdraft without analysing or evaluating them. A good example is below:

An overdraft is borrowing money from a bank for a short time on a current account for an agreed limit. Hassan needs finance for both repairs and the purchase of go-karts. Repairs are normally seen as day-to-day expenses. The repairs to the two go-karts would cost \$600, so would be suitable to pay back within say a year after receiving income from their use at the go-kart racetrack. However, the cost of three new go-karts would cost \$8400 which is a large amount of money. We are not informed that Hassan has any retained profits or savings to help him buy these go-karts. Therefore, for such a large amount of money, it might be better for him to use a bank loan instead of an overdraft. A bank loan would give him plenty of time to pay back and spread the interest cost with fixed repayments. But he might need collateral to get a loan and he'll have to prove to the lender that he's capable of making the repayments. Overall, he is unlikely to obtain an overdraft for both the purchase and repairs of the go-karts, so a combination of both finance sources would be recommended.