COMMERCE

Paper 7100/12
Paper 12 Multiple Choice

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

The mean mark was 26.1. The highest score was 37.

Questions 1, **6**, **9**, **11**, **16**, **18**, **19**, **20**, **22**, **27**, **28**, **30**, **34** and **40** were answered correctly by over 75 per cent of candidates.

Comments on specific questions

Less than 45 per cent of candidates had the correct answer to the following questions:

Question 5

Although related to convenience to customers, Option **B** proved to be a positive distracter with 45 per cent of candidates choosing it. Option **A** was the correct answer and 37 per cent of candidates responded correctly.

Question 13

This question concerned the flow of documents between the buyer and seller in home trade. Although Option **A**, the correct answer, was chosen by 42 per cent of the candidates, the other options all attracted significant numbers of responses.

Question 15

48 per cent of candidates confused the Balance of Payments with the Balance of Trade and so chose Option **D**. The Balance of Trade relates to goods and so Option **A** was the correct answer.

Question 24

Mass rapid transit (MRT) is the high speed transport of many people in city areas but only 33 per cent of candidates chose Option **D**. 28 per cent of candidates thought it related to inter-city passenger rail transport, Option **A**, and the other two options also attracted many responses.

Question 31

This question related to a current bank account and required candidates to calculate the overdrawn balance. 45 per cent of candidates confused debits and credits and so chose Option **C**. Option **B**, chosen by 43 per cent of candidates, was correct and required candidates to subtract $2000 from a credit balance of $300 resulting in the correct answer of $1700 overdrawn.

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7100/13
Paper 13 Multiple Choice

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

General comments

This multiple choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 1**, **6**, **18**, **30**, **31** and **37** and some requiring candidates to undertake calculations such as **Questions 12**, **26**, **28**, **32** and **35**.

The mean mark was 19.9. The highest score was 34.

Questions 4, **6**, **7**, **9**, **19**, **21** and **38** were answered correctly by over 75 per cent of candidates.

Comments on specific questions

Less than 45 per cent of candidates had the correct answer to the following questions:

Question 2

55 per cent chose Option **A,** which proved to be a positive distractor. Option **B** was the correct answer because it related to a factory owner, but only 28 per cent responded correctly.

Question 5

Although related to convenience to customers, Option **B** proved to be a positive distractor with 45 per cent of the candidates choosing it. Option **A** was the correct answer and 37 per cent of candidates responded correctly.

Question 13

45 per cent of candidates confused the Balance of Payments with the Balance of Trade and so chose Option **D**. The Balance of Trade relates to goods and so Option **A** chosen by 37 per cent of candidates was the correct answer.

Question 14

Candidates did not understand the term *free port* so all options attracted a number of responses. Option **A** was the correct answer but only 22 per cent of candidates answered correctly.

Question 17

Candidates did not understand the term *product placement* so all options attracted a number of responses. Option **C,** branded goods featuring in television series, was the correct option.

Question 18

Unfortunately, 81 per cent of candidates thought that the picture illustrated a pop-up advertisement instead of a banner advertisement. Only 15 per cent of candidates responded correctly.

Question 20

Most candidates thought that a podcast – Option **C** – was an example of computer hardware. 28 per cent responded correctly choosing Option **D**.

Question 22

45 per cent of candidates responded correctly choosing Option **C** because goods are inspected and then sealed so containers can cross borders without further delays. Option **A**, however, proved to be a positive distractor with a 46 per cent response.

Question 23

Most candidates did not know that *logistics* is the term for the management of the flow of goods from production to the market. Option **C** was the correct answer and only 19 per cent chose this option. All options attracted a number of responses.

Question 25

There was some confusion about the use of bonded warehouses. 49 per cent of candidates thought that they were used to store goods on which duty has been paid. Option **D**, concerning the storage of dutiable goods to be re-exported, was the correct answer with 35 per cent of candidates responding correctly.

Question 30

Option **B** – department store proved to be a positive distractor with 54 per cent of candidates choosing this option. Department stores are located within town/city centres and therefore have high rents. A truck manufacturer needs a good supply of labour and a large site with low rent to be able to manufacture relatively large goods. It also needs to be close to several towns (for the labour) and a good road network to be able to transport the finished products for sale, so Option **D** was the correct answer. 39 per cent responded correctly.

Question 32

Royalty payments are paid out of turnover so Option **C** was the correct answer but only 20 per cent of candidates answered correctly. Most candidates incorrectly chose Option **A**.

Question 34

34 per cent of candidates realised that a sole trader with cash flow problems would apply for short-term finance, i.e. an overdraft – Option **D**. More candidates chose Option **B**, loan, which is a medium-term source of finance - usually applied for by a business for an expensive specific purpose such as buying office equipment or a vehicle.

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Paper 7100/22
Paper 22 Written

Key messages

- For this revised 2018 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*, *always* 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 questions worth 6–8 marks should always be developed with examples and/or application to the context of the question. Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not provide sufficient explanation.

General comments

The paper was 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 paper provided a broad coverage of the revised syllabus indicating that a clear understanding of the entire syllabus is essential.

The majority of candidates had difficulty in answering **Questions 3(c)** and **5(e)** on the topics of insurance and cash and carry warehouses. Students should be encouraged to visit a local cash and carry warehouse to learn more about its operation. **Question 2**, which focused on a new syllabus topic of social media, was generally well answered.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 5(b)** candidates were asked to 'State <u>two</u> services provided by a wholesaler to a retailer'. Some candidates gave one to three responses. Too few responses will reduce the marks that a candidate can score; whereas too many will not gain any more marks and may waste valuable examination time that could be used elsewhere.

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 to 'State two features of a multiple store'. Command words such as 'State', 'Name', 'Describe', 'Give' and 'List' confirm the question is at this level and require a straightforward response; often just a couple of words is sufficient.

AO2 (Application) tests candidates' ability to relate their answer to the context of the question. The context to **Question 3** was a sole trader selling ice cream from a van. **Question 3(c)** asked candidates whether the sole trader should take out other insurance; so only insurance appropriate to that context should be given. Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level and requires a candidate to refer to the context of the question.

AO3 (Analysis) requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 5(c)** asked candidates to 'Explain two reasons for the trend towards some wholesalers being eliminated from chains of distribution' so analysis of how/why/where/when this trend affects wholesalers is required. 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 reasoning and make some judgements. For example, **Question 5(e)** asked candidates to 'Discuss how important cash and carry warehouses are in home trade', so a response had to conclude with e.g. yes, cash and carry warehouses are very important because… OR no, they are not so important because... Command words such as 'Explain why', 'Do you consider', 'Discuss', 'Assess' and 'Evaluate', often followed by 'Give reasons for your answer.' confirm the question is at this level.

Comments on specific questions

Question 1

(a) There was a high proportion of correctly calculated answers. Weaker answers simply calculated the decrease in each year or had an incorrect number of zeros in their answer.

(b) Valid answers for the features of a multiple store, such as centralised buying and having at least ten or more branches, were provided by the better responses. Weaker responses confused multiple (chain) stores with department stores.

(c) Good answers identified and explained two clearly different advantages to the franchisee of running a franchised outlet. Weaker answers often only identified advantages without supporting explanation, or confused franchisees with franchisors.

(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 with a judgement made on which option was the best course of action to implement. There were many perceptive answers that recognised that introducing an end of month sale could only be considered a short-term measure whereas designing a website was the better long-term solution to take. Other good answers realised that shoppers may just decide, with a monthly sale, to focus their spending in the town at the end of the month with less spending taking place in the rest of the month. Weaker answers often only considered one of the two courses of action or lacked analysis of both options prior to recommendation.

Question 2

(a) Good answers identified sectors of industry rather than activities that might take place within the sectors of industry. For example, one correct sector of industry was 'primary' not the activity of crop production.

(b) Candidates generally demonstrated good knowledge of the term 'social media' although a minority of candidates lost marks by linking the term solely to an internet website rather than other mobile applications (apps).

(c) Centres should note that a question beginning with the command words 'Should', 'Would' or 'Do you think' means that the reasoning can be on either side as long as it is justified. The best answers demonstrated good knowledge and application of the benefits and/or drawbacks of spending money on advertising goods. In fact, many of these candidate answers balanced their points with positive and negative points, which generally worked well. Weaker candidates only provided knowledge of advertising media instead of making reasoned judgements in their answers.

(d)   This question proved challenging for candidates. Factors that would affect the choice of advertising a toy on television might be, target audience, timing and the method of appeal to be used. The best answers analysed two factors and made supported judgements on which was the <u>more</u> important in relation to toys. Weaker answers tended to simply describe one or two advertising factors, sometimes without application to toys.

Question 3

(a) **(i) (ii) (iii)** There were many correctly calculated answers to all parts of this question. Those candidates who were unable to calculate the sales revenue in part **(i)** were often still able to receive marks to parts **(ii)** and **(iii)** if correct workings were shown. This demonstrates the importance of candidates showing their workings and not simply writing an answer.

(b)   Very well answered by most candidates who gave two valid features of sole traders. Weaker answers concerned themselves with features of a convenience store, such as long opening hours.

(c)   The strongest answers came from those candidates that appreciated the importance of Nadia insuring other possible risks that could affect her business, apart from motor insurance. There were also many well-reasoned answers that argued that other insurance risks were not required as she only had a small business and that she may not be able to afford the extra costs of insuring other risks. However, most candidates struggled to gain marks to this question.

(d)   Many candidates suggested a bank loan and then explained that it would need to be repaid with interest which would reduce her monthly income, although it might be difficult for a relatively new and small business to secure a loan. Some stronger answers identified and explained the use of retained earnings or selling assets as a more suitable source of finance, although such a young and small business might not yet have these available. Hire purchase and/or leasing were also considered to be appropriate. Weaker answers only described sources of finance without analysis or evaluation.

Question 4

(a)   There was a general lack of knowledge on international methods of payment. Even those candidates who did identify one, such as a letter of credit, then had difficulty in accurately describing it. Home methods of payments, such as bank giro, received no credit.

(b)   Many candidates did not follow the instruction in the question to use examples. Some candidates used only one example and some did not make their example applicable to an importer. Some candidates confused the principle of indemnity with insurable interest.

(c)   Candidates generally had good knowledge and understanding on the topic area of tariffs. Stronger answers analysed the positive and negative effects of abolishing tariffs with a reasoned evaluation. Weaker answers simply described what tariffs were, without considering their effects on trade.

Question 5

(a)   This question had the most correct responses.

(b)   Breaking bulk and risk bearing would be valid services. Marks were lost by candidates who could only provide one valid service or confused breaking bulk with selling to retailers in large quantities.

(c)   Valid reasons for the trend of wholesalers being eliminated from chains of distribution, such as the growth of large-scale retailers, and manufacturers selling direct to consumers, were provided by stronger candidates. Weaker responses focused on the types of goods that would not be suitable for a wholesaler to deal with.

(d)   The first statement had the least correct responses.

(e)   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 home trade.

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Key messages

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

- For this updated 2018 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*, *always* 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 questions worth 6–8 marks should always be developed with examples and/or application to the context of the question. Unqualified single words, such as 'easier', 'quicker' and 'cheaper' do not provide sufficient explanation.

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 revised syllabus and therefore a clear understanding of the entire syllabus is essential.

All candidates had difficulty in answering **Question 2(d)** and **4(c)** where candidates found it difficult to gain good marks on the topics of insurance and methods of payment.

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 'Explain **two** ways in which this coffee shop could increase its sales revenue'. Some candidates gave one to three ways and some simply repeated the first way already given, using a different form of wording. Including less than the question asks for will reduce the marks a candidate can score; including more does not gain any more marks and may waste valuable examination time that could be used elsewhere.

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(a)(ii)** asked candidates to 'State two advantages of branding goods'. Command words such as 'State', 'Name', 'Describe', 'Give' and 'List' confirm the question is at this level and requires a straightforward response; often just a couple of words is sufficient.

AO2 (Application) tests candidates' ability to relate their answer to the context of the question. **Question 3** was about a commercial invoice. **Question 3(a)** asked candidates to 'complete the invoice in Fig. 3.1'. In this instance candidates have no choice but to apply their knowledge to the given context. 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 3(c)** asked candidates to 'Explain one difference between an order and an invoice'. 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 'Discuss whether it is better for a customer to pay for an expensive TV with a debit card or a credit card' so a good response must analyse both methods then judge which is better, in this situation, and say why. Command words such as 'Explain why', 'Do you consider', 'Discuss', 'Assess' and 'Evaluate', often followed by 'Give reasons for your answer.' confirm the question is at this level.

Comments on specific questions

Question 1

(a) (i) One out of two marks was a frequent score to this question. Marks were lost by answers that focussed on reasons for the customer rather than for the business – AA Ltd.

   (ii) The advantages of branding goods were well known by the majority of candidates, with a range of suitable answers given.

(b) Many acceptable alternative ways of packaging water were given by most candidates. However, 'containers' and 'plastic cups' were considered too vague.

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

(d) The strongest candidates recognised the bulky nature of bottled water and applied their answers to the benefits of using road transport. They also justified their reasoning on the basis that the water was being moved within a country, thereby air and sea transport were less suitable as well as more costly. Weaker answers tended to list ideas without any coherent reasoning.

(e) The best answers described and analysed various advantages of warehousing, with a final evaluated conclusion stating how important they are to AA Ltd. Weaker answers simply described warehousing functions but did not analyse them or apply them specifically to the business.

Question 2

(a) (i) (ii) There was a high proportion of correctly calculated answers to both question parts. A common error in weaker answers was to subtract expenses, instead of cost of goods sold, to calculate the gross profit to part **(i)**.

(b) There were a number of strong answers to this question, with a range of suitable ways a coffee shop might use to increase its sales revenue. Weaker candidates did not explain the way identified or gave unspecific ways, such as reducing expenses.

(c) This was generally well answered, although a number of candidates struggled to fully develop their reasoning.

(d) Candidates were expected to describe and analyse the merits to the coffee shop owner of either using an insurance broker or an insurance company to renew the shop insurance. Many candidates lacked knowledge and understanding of the two options and were unable to evaluate which would be the better approach.

Question 3

(a)   The best candidates were able to complete both gaps to Fig. 3.1.

(b)   Many candidates were able to fully explain the term. Weaker candidates thought the buyer had to pay 5 per cent, instead of receive 5 per cent, discount within the 21 days.

(c)   The best answers included the purpose of both terms. Weaker answers tended to have vague points on one or both terms.

(d)   The best answers described and analysed the benefits to a retailer of buying stock from a wholesaler or a manufacturer, with a judgement made on which option was the best. There were many perceptive answers that recognised that much depends on the size of the retailer, with large-scale retailers having the ability to buy from manufacturers whereas small-scale retailers would be best to use a wholesaler. Weaker answers often simply described wholesaler and/or manufacturer functions without any analysis or evaluation.

Question 4

(a)   The third statement was the least well answered.

(b)   Centres should note that a question beginning with the command words 'Should' or 'Is it a good idea' mean that the reasoning can be justified on either or both sides. The best answers explained the access benefits to customers, such as being anywhere rather than having to spend time and money queuing in a bank. Weaker answers lacked knowledge of mobile banking or did not develop their points of explanation.

(c)   This question proved challenging for many candidates. The question was looking for a judgement as to why it would be better for a customer to buy a TV with a debit card or a credit card. Many answers could describe the features of the two card types but found difficulty in analysing why one might be better than the other in respect of different customers.

Question 5

(a)   This question had the most correct responses.

(b) (i)   This question required candidates to apply their knowledge to select relevant examples from Fig. 5.1. Unfortunately some candidates identified persuasive, rather than informative, examples.

(ii)   There was a range of interesting suggestions that DD Freight Forwarders (UK) might use to make the advertisement in Fig. 5.1 more persuasive, such as including positive customer reviews and adding colour. Weaker candidates simply included phrases already given in Fig. 5.1.

(c)   There was generally sound knowledge on international communication methods. However, those candidates who correctly identified an international communication method, such as videoconference, had difficulty in accurately describing the method. Please note that identifying telephone as a method of communication received no credit as it was in the stem of the question.

(d)   Many candidates could sufficiently describe one way by which customs authorities restrict the amount of imported goods into a country but often had difficulty in identifying a second way. Some candidates correctly identified two ways but then did not describe them.

(e)   The best answers recognised that machinery is likely to be too heavy and too expensive to send by air transport and then analysed the benefits of using sea transport instead. Weaker answers gained one or two marks for mentioning benefits of air and/or sea transport without analysis or recommendation.