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FOREWORD

This booklet contains reports written by Examiners on the work of candidates in certain papers. **Its contents are primarily for the information of the subject teachers concerned.**

COMMERCE

GCE Ordinary Level

Paper 7100/01

Paper 1

General comments

The standard of the work overall was pleasing with a good spread of marks. Many candidates scored high marks and showed good commercial knowledge. They wrote in detail and expressed themselves very clearly and their performance was commendable. They related their answers to the scenarios of the questions chosen and, generally, took notice of the mark allocations for the parts of the questions.

Weaker candidates tended to write rather vaguely about the topics showing superficial understanding of the topics chosen. They often did not answer the questions as set. Some attempted all the questions on the Paper. Most candidates had sufficient time to answer the five questions required.

Many candidates gave relevant local examples to illustrate their answers. They made good use of commercial terminology. They expressed themselves clearly and accurately and their answers were clearly presented without the verbosity which has characterised many scripts in previous years. There was evidence of much fluent writing, correct spelling and sound use of paragraphs. There are, however, still many candidates whose poor grasp of the English language hampers them when trying to answer the questions chosen.

The quality of paper in some answer books or the type of ink in the pens used made some scripts very difficult to read. The words showed through on to the other side of the page and were then obliterated by the writing of other answers. In one script the ink was so faded that it was very difficult to decipher what had been written. In some other scripts the writing was so illegible as to be indecipherable. There is no doubt that a clearly written script (preferably using black ink or ballpoint pen) helps the Examiner.

Some candidates still need more practice in examination technique. They should look at the command words which begin questions in relation to the mark allocations for those questions. It was, however, noticeable that there had been an improvement in many Centres as regards this.

Most candidates scored well and gave quite an even performance across the five questions they chose. The spread of questions chosen was quite normal with **Questions 1, 2, 3, 4, 6 and 8** being the most popular and **Question 7** less frequently answered.

Comments on specific questions

Question 1

In part **(a)(i)** most candidates gained full marks with useful examples being given. In part **(a)(ii)** most candidates registered some marks but the question served to differentiate between candidates because only the better ones were able to show the different ways in which the aids to trade assisted primary and secondary production. Specialisation was well discussed in part **(b)** with many candidates mentioning increased output, quality and explaining division of labour.

Question 2

Many candidates showed gaps in their knowledge of retailing. Most were able to show two characteristics of department stores and unit retailers in part **(a)** but there was some confusion between shopping centres and supermarkets in part **(b)**. Many candidates tended to concentrate their answers on how to attract customers rather than showing why they located themselves in shopping centres - extra customers, advertising by the shopping centre, savings on costs, security and using joint facilities such as car parking. Some excellent answers were received to part **(c)** with most candidates appreciating that multiple chain stores bulk buy and so obtain discounts which can then be passed on to the customer. Some interesting discussions were written for part **(d)** with many candidates considering both the supermarket and the unit retailer. Others tended to concentrate on better hygiene, lower prices and greater variety.

Question 3

Parts of this question proved to be too demanding for the average candidate and there was some misreading of parts of the question. Most candidates scored some marks in part **(a)** but failed to develop their three services to obtain full marks. They were also able to comment in part **(b)** on the role of the retailer in relation to wholesalers - buying goods, giving feedback and clearing lines of goods. Unfortunately in part **(c)** the rubric of the question confused many candidates. They omitted the word 'few' and showed why wholesalers operate retailing businesses rather than why they do not. In part **(d)** only the better candidates appreciated the direction of the question. Answers showing the changes in wholesale trade were expected with comment on cash and carry warehouses and voluntary chains. Most answers contained comment on why the wholesale trade has declined with detailed comment on the effects of the growth of the large-scale retailer. This was not the question set.

Question 4

Many candidates showed good knowledge of insurance and scored well in several parts of this question. In part **(a)** they were able to show the benefits of pooling of risk and the calculation was usually accurate. In part **(b)(ii)** many different uses for the insurance premiums were received. Many candidates gave profit, investment and paying expenses as the answers. Insurable interest in part **(c)** was not always understood (confusion with indemnity) and few mentioned financial loss. The three business risks were usually listed but some candidates still mentioned fire. Unfortunately the explanations were not always connected to the risks named.

Question 5

Candidates were usually able to list four features of a partnership in part **(a)** although there was some confusion between limited and unlimited liability. In part **(b)** candidates usually scored some marks but only the best were able to comment on limited liability, legal entity, expansion by obtaining additional shareholders and greater continuity and so obtain full marks. The standard of answers to part **(c)** was variable with many detailed and well written answers covering a broad spectrum of uses and benefits being received. Weaker candidates had no appreciation of the role of the computer in a business.

Question 6

There was a great improvement in the standard of answers to part **(a)** compared with when this topic was last set to candidates. Many candidates concentrated on cost, target market, area to be covered, the product and details required. Others commented on the media and did not gain credit. In part **(b)(i)** explanations of persuasive and informative advertising and their uses in Mrs Chiri's business were often vague and imprecise. No mention was made of Mrs Chiri using informative advertising to offer employment. On the other hand, part **(b)(ii)** was well answered with candidates showing good understanding of collective advertising and being able to indicate why Mrs Chiri would not use this. Television was not allowed as an answer in part **(c)** because it was thought that Mrs Chiri would not have the resources to pay for such advertising. This limited the scoring of marks for some candidates. Newspapers, magazines and leaflets were popular choices.

Question 7

In part **(a)** candidates often described legal tender as tendering for work rather than a form of payment which must be accepted by law in payment of a debt. Part **(b)** was well answered but some candidates thought that cable transfer could be used to pay for a computer and a cheque would be used to transfer money overseas. Part **(c)** was quite demanding and only the best candidates were able to score well. It depended on whether or not the candidate had a good understanding of direct debit and the fact that the creditor requests payment when using direct debit.

Question 8

This was a popular choice and usually high scoring. Some answers to part **(a)** were imprecise with services being omitted. Candidates were able to offer a variety of reasons for imported goods and services being important to a country - political reasons, satisfying consumers, providing what the country lacks and helping to develop its economy. They were also able to show how imports might be reduced, usually by quotas and tariffs, and how exports might be increased. The reduction in export duty was accepted as an answer. Many candidates were able to explain the terms *entrepôt* trade and freeport very precisely in part **(d)** and this was pleasing.

Question 9

Another popular question but not so well done. Many candidates wrote some general notes in answer to part **(a)** and often repeated the information given in the question. They did not show what these kinds of finance might be used for - long term for expansion or the purchase of fixed assets, short term for trading activities and to overcome cash flow problems. They were, however, able to name another form of long term finance such as preference shares or a mortgage. The differences between loans and overdrafts were well expressed with most candidates confining themselves to discussing only three as required. On the other hand, the methods of finance chosen for the three scenarios in part **(d)** were often bizarre and so failed to attract marks. Some candidates thought that Hire Purchase was suitable for buying a new factory or for repairing the office building and that debentures should be used for paying for computer software. Loans, debentures and ordinary shares were accepted for the factory. Trade credit and overdraft were accepted for the software. Bank loan and overdraft were accepted for the repair to the office building.

Question 10

Responses to part **(a)** were often disappointing with many candidates interpreting handling of cargo as handling of passengers' luggage. Part **(b)** answers were often confined to comment on speed and types of cargo carried without looking at the wider aspects of the growth of the global economy, the larger carrying capacity of aircraft, the increase in the number of goods of low bulk and high value now being exported and the increased number of airports, air routes and cargo planes available. Part **(c)** was usually well answered with most candidates scoring some marks usually for comments on road and rail transport.