

# COMMERCE

**Paper 7100/11**  
**Multiple Choice**

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

There were 392 candidates for this examination. The mean was 23.643 with a standard deviation of 5.567. The highest score was 38 marks and only one candidate scored below 11 marks.

**Questions 2, 5, 6, 9, 15, 16, 23, 24, 28, 29, 31, 35 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 17**

In **Question 17** the concept of collective advertising was not always understood. Collective advertising is undertaken by a trade association or town/city council to advertise a particular product, e.g. milk or a particular town or region so Option **C** was the correct answer. All other options attracted responses, particularly Option **D**, suggesting that candidates were guessing at the answer.

#### **Question 19**

Candidates were undecided about which promotional technique a supermarket should use for its new store. Although 29 per cent of candidates identified Option **C**, loss leaders, as the correct answer, many were undecided and the other three options attracted quite a number of responses.

#### **Question 22**

Option **A**, express mail, proved to be a positive distracter and was chosen by more candidates than the correct answer, Option **D**, in **Question 22**. This was quite surprising as it was thought the Post Office service of registered post for sending valuable items was well understood by the majority of candidates.

#### **Question 25**

Port authority services in **Question 25** were not always understood. Option **C**, the correct answer – maintaining and repairing docks – received the most responses but the other three options attracted a number of responses suggesting an element of confusion with the work of customs authorities.

#### **Question 32**

The calculation about under insurance in **Question 32** caused difficulty for the majority of candidates with Option **B** (a fifth of \$200 000, the value of the stock) proving to be a positive distracter. Option **A** was the correct answer but only 27 per cent of candidates showed that they understood that the insured person would receive a fifth of the sum insured, i.e. \$30 000.

#### **Question 33**

Very few candidates (7 per cent) answered **Question 33** correctly. The question may have caused difficulty because it was written in the negative. Mrs Rashid would need a current account to carry out her day to day banking, she would need a night safe to deposit her takings after hours and she might need an overdraft if she was short of working capital to buy inventory or pay wages. She would need a deposit account only if she had spare cash which she wished to save and this has nothing to do with her business.

#### **Question 34**

Option **C** proved to be a positive distracter in **Question 34**. Although contactless payments may be used for goods and services, the card cannot be used to make contactless online purchases. Option **A** was the correct answer but only 27 per cent achieved the right answer.

#### **Question 36**

**Question 36** about shareholder liability was not understood by many candidates. Option **D** was the correct answer but each of the other options attracted responses indicating an element of guessing.

#### **Question 38**

The rate of inventory turnover is always a difficult topic for candidates. It was encouraging that the majority of candidates, 38 per cent, achieved the correct answer in **Question 38**, Option **C**, 10, but each of the other options was chosen by many candidates. The correct answer is achieved by dividing the cost of goods sold, i.e. \$90 000 by the average inventory held, \$9000, i.e.  $\$10\,000 \div \$8000$  divided by 2.

# COMMERCE

**Paper 7100/12**  
**Multiple Choice**

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

## General comments

The multiple-choice paper consists of 40, 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 3, 7, 11, 19, 24** and **30** and some requiring candidates to use numerical data such as **Questions 2, 9, 13, 27** and **34**.

There were 1509 candidates for this examination, a significant decrease in entries. The mean mark was 23.778 with a standard deviation of 5.727. The highest score was 39 marks and no candidate scored below 7 marks.

**Questions 1, 5, 15, 17, 20, 23, 24, 25, 29, 38** 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 4**

In **Question 4** about commerce and producers, more candidates chose Option **D** about the products needing to be fit for purpose than Option **B** – keeping money in the bank – the correct answer. The other options also attracted a number of responses suggesting an element of guessing at the answer.

#### **Question 10**

The work of a del credere agent in **Question 10** was not always known. All options attracted a number of responses, but more candidates chose Option **D**, the correct answer, rather than the other options.

#### **Question 12**

The purpose of a credit note in **Question 12** caused some confusion, perhaps because it was a negative question. 39 per cent of candidates chose Option **C** – printed in red or pink, a true statement rather than the correct answer, Option **A**, issued when the buyer has been undercharged.

#### **Question 21**

Port authority services in **Question 21** were not always understood. Option **C**, the correct answer – maintaining and repairing docks – received the most responses but the other three options attracted a number of responses suggesting an element of confusion with the work of customs authorities.

#### **Question 22**

In **Question 22**, an evaluative question, 39 per cent of candidates chose Option **A** – the correct answer – but Option **B** about express road routes also attracted many responses.

#### **Question 27**

The calculation about under insurance in **Question 27** caused difficulty for the majority of candidates with Option **B** (a fifth of \$200 000, the value of the stock) proving to be a positive distracter. Option **A** was the correct answer but only 29 per cent of candidates showed that they understood that the insured person would receive a fifth of the sum insured, i.e. \$30 000.

#### **Question 33**

In **Question 33** there was an element of guessing with all options attracting a number of responses. Only debentures, Option **A**, are secured to company assets.

#### **Question 35**

Although the car showroom in Option **C** was the only example of a fixed asset in **Question 35**, and 35 per cent of candidates answered correctly, another 35 per cent of the candidates thought that the cars in Option **D** were a fixed asset rather than being part of the inventory of the car business.

# COMMERCE

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Paper 7100/21  
Paper 2

## Key messages

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

- Candidates should be reminded that for this 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 available.
- Read and re-read questions before answering. Weak responses were mostly characterised by not responding to the focus of questions and the level of detail indicated.
- 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 for any calculation questions as marks can be awarded for partially correct calculations or formulas even if the answer is incorrect.
- 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 must be explained to achieve reward.

## General comments

The paper appeared to be accessible to most candidates who responded well 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 syllabus and therefore a clear understanding of the entire syllabus is essential for success.

Candidates had difficulty in answering **Questions 2(a)(ii)** and **3(c)**, where many candidates found it difficult to gain marks on the topics of insurance and international methods of payment. Apart from this, it was evident that candidates possess generally sound knowledge and understanding of commercial terminology.

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 5(a)** asked candidates 'What is meant by the term *consumer durable*.' Command words such as 'What', '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 a carpet wholesaler wishing to insure their warehouse and stock. **Question 2(a)(i)** asked candidates to 'Calculate the total annual fire and theft premium for warehouse and stock shown in Fig. 2.1.' Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level and requires a candidate to recognise and apply their answer specifically to the context in the question.

**AO3 (Analysis)** requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 2(a)(ii)** asked candidates to 'Explain why the insurance premium for stock is higher than for the warehouse.' Candidates needed to consider the difference between stock (inventory) and a warehouse, from an insurance perspective. Command words such as 'Identify', 'Compare', 'Explain' and 'Analyse' confirm that the question is at this level.

**AO4 (Evaluation)** tests candidates' ability to make decisions/judgements. For example, **Question 1(f)** asked candidates to 'Discuss whether or not you would recommend franchising.' 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 5(b)** candidates were asked to 'Explain **two** reasons why retailers offer credit.' Some candidates gave one to three reasons and some simply repeated the first reason already given 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 as only the first two responses will be rewarded.

### Comments on specific questions

#### Question 1

- (a) The majority of candidates could identify two relevant sectors of industry.
- (b) The term 'order form' was generally understood, with many candidates supplying the correct answer. Marks were not awarded to candidates who did not refer either to the buyer, as the person requesting the goods, or the seller, as the person receiving the order for the requested goods.
- (c) A question beginning with the command words 'Do you think' or 'Is it a good idea' means that the reasoning can be justified on either side or on both sides – it is essential to read the question carefully. The strongest answers were from those candidates who could explain the advantages and/or disadvantages of using a courier to deliver food. Weaker answers included responses that focused on problems of bumpy roads or did not justify their reasoning. A good example is below:
- Couriers can have refrigeration units fitted to preserve the cheese so that it will be delivered fresh to the customer so they will be happy with the quality of the product. Otherwise the cheese could become stale and not safe to eat creating a bad reputation of Cheese4U and losing customers.*
- (d) Many candidates were able to circle the correct conclusion to each sentence.
- (e) The best answers identified and explained two different disadvantages of shopping online. 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.
- (f) The best answers to this 8-mark question recognised that Cheese4U was the franchisor, and then analysed the advantages and disadvantages of franchising with a developed evaluation discussing, whether or not, Cheese4U should franchise their business. Strong answers recognised that despite the advantages franchising might provide, it would be expensive initially for Cheese4U, who would need a large marketing budget to become well known and attract appropriate franchisees in order for this new business model to become a success.

#### Question 2

- (a) (i) There was a reasonable proportion of correctly calculated answers for the maximum three marks. Some candidates achieved two out of three marks by not adding the total premiums of \$760 and \$3110 together. Weaker answers simply multiplied the warehouse and stock values by \$1000 instead of by the premiums of \$1 and \$5.
- (ii) This question was well answered by those candidates who linked the two terms in the question and knew that the statistical basis of insurance was being assessed. Unfortunately, many candidates did not link the terms or simply thought this question was about the value of contents rather than the level of risk.

(b) Stronger answers explained two functions of warehousing with application to the fact that carpets are bulky products that require sufficient clean/dry space for storage to meet unexpected demand. Weaker answers identified one or two warehousing functions without subsequent explanation.

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

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

*However, selling to their existing retail customers and direct to the public would increase their workload. They might also need additional premises, a retail shop for direct sales as well as the warehouse for retailers. This would increase fixed costs. Then there is the logistics issue of more deliveries to the public resulting in higher transport costs unless the customers pay for delivery.*

*Yes, it is a good idea for wholesalers to add to their chain of distribution by selling direct to the public but if they also lose some of their retail customers in doing so, it would become more risky and less profitable.*

### Question 3

(a) Candidates should note that when they see questions beginning with the command word 'Describe', they are expected to identify one initial point and then develop it with a further linked point of description if it is a two mark question. Many candidates gave a valid initial point but often found difficulty in describing a second linked point. Answers that referred to differences between home and international trade were not rewarded.

(b) This question required answers on two difficulties that an exporter might face in international trade. Most candidates could identify relevant difficulties, such as the imposition of tariffs and language barriers. Good answers developed these difficulties by explaining how it affected their costs, while weaker answers tended to write a list of difficulties without related explanation. A good answer is below:

*1. A country might charge customs duties which are a tax on imported goods. An exporter may not make profit if they have to pay this extra cost so it is not worthwhile exporting.*

*2. An exporter may face communication difficulties caused by different languages used by buyers in other countries. They may have to employ a translator to understand what is being said.*

(c) This question proved challenging for many candidates. The question was looking for factors that an exporter should consider to ensure that they would receive payment - a secure method of payment. The best answers analysed two factors and made supported judgements on which was the more important factor. Weaker answers identified one or two factors or described only one factor.

### Question 4

(a) (i) Unfortunately a large proportion of candidates were not able to state a valid method of appeal to the magazine advertisement.

(ii) The term 'early bird offers' required understanding of both parts of the phrase, 'early bird' meaning those who book early and 'offers' referring to discounts.

(b) (i) In order to confirm hotel room bookings, candidates needed to give a suitable written method of communication, such as email.

(ii) In order to inform hotel guests of health and safety instructions, candidates needed to give a suitable method of communication, such as a notice on the hotel door.

- (c) Many candidates recognised that a golf magazine would be targeting golfers who would be a group of people that would be visiting a golf & spa hotel. Marks were not awarded to candidates who did not develop their reasoning with further points of explanation. A good example is below:

*Golfers would be impressed with the quality of photos shown in the golf magazine and would like to use the hotel's facilities to play golf. However, a golf magazine would not be read by other groups of people not interested in golf. For these people, it would be better to advertise using a cheaper method, such as social media.*

- (d) There was a high proportion of correct calculated answers for maximum marks. Incorrect answers often added, instead of subtracting, the cost of goods from the sales turnover.
- (e) Many candidates incorrectly thought that if the hotel lowered expenses it would lead to lower prices for hotel customers. In fact, lower hotel expenses could lead to lowering hotel standards and amenities which might lose customers/sales. It was only the best answers that analysed relevant reasons and then evaluated which would be the more effective method to increase net profit.

### Question 5

- (a) Many candidates knew that consumer durables last for a reasonable length of time.
- (b) Good answers identified and explained two different reasons why retailers offer credit. Weaker answers often only identified reasons without adequate supporting explanation.
- (c) This True and False question on the changing environment of commerce produced a range of marks from zero to three with the second statement being the least well answered.
- (d) It was clear that candidates had some knowledge and understanding of two different types of credit that Miah could use to buy a game console. Some candidates correctly suggested a credit card would be best and explained that a credit card would be 'free' credit if the amount owing on the monthly statement was repaid as soon as it was due. Other candidates explained the merits of using a store card as the most suitable source of credit. The strongest answers explained and analysed advantages and disadvantages of both types of credit with a supported recommendation based on the context and arguments presented. Weaker answers described the two types of credit without analysing or evaluating them. A good example is below:

*A credit card would be a possibility as it means that she can start using the games console and that would give Miah time to pay back over the next month. Credit cards would be accepted at most stores so that she can shop around looking for the best deal. However, interest is added if the credit card statement is not repaid on time which could make buying the games console more expensive.*

*As a store cardholder, Miah may have already earned reward points which she could use as a discount on the cost of the games console, making it cheaper for her, or she could collect reward points to use to buy something else in the future because she might get a lot of points if the console is expensive. However, the store card could be more expensive than a credit card and as it works in the same way as a credit card she would still have to repay on time to avoid interest charges.*

*I recommend a credit card. Credit cards can be used in different retail stores and online. If she uses a store card, Miah would be limited to buying from only that store where the games console might have a higher price than other outlets that accept any credit card.*



# COMMERCE

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Paper 7100/22  
Written

## Key messages

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

- Candidates should be reminded that for this 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.
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- Read and re-read questions before answering. Weak responses were mostly characterised by not responding to the focus of questions and the level of detail indicated.
- 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 for any calculation questions as marks can be awarded for partially correct calculations or formulas even if the answer is incorrect.
- 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 must be explained to achieve reward.

## General comments

The paper appeared to be accessible to most candidates who responded well 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 syllabus and therefore a clear understanding of the entire syllabus is essential for success.

All candidates had difficulty in answering **Questions 2(b)(ii), 4(d) and 4(e)**, where many candidates found it difficult to gain marks on the topics of methods of payments, airport authorities and insurance. Apart from this, it was evident that candidates possess generally sound knowledge and understanding of commercial terminology.

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 2(d)(i)** asked candidates 'What is meant by *credit*?' Command words such as 'What', '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 a wholesaler offering discounts to a retailer. **Question 3(a)** asked candidates to 'Calculate how much the retailer will pay if the wholesaler's invoice is paid within 14 days.' Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level and requires a candidate to recognise and apply their answer specifically to the context in the question.

**AO3 (Analysis)** requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 1(d)(i)** asked candidates to 'Explain two reasons why advertising is important for the film industry.' Candidates needed to focus their responses on the film industry specifically, not any other industry or just advertising in general. 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 2(c)** asked candidates to 'Do you think it is a good idea for Jack to have mobile banking?' 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 5(c)** candidates were asked to 'Explain two effects of large-scale retailers on consumers.' Some candidates gave one to three reasons and some simply repeated the first reason already given 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 as only the first two responses will be rewarded.

### Comments on specific questions

#### Question 1

- (a) The majority of candidates could explain the term 'specialisation' but often forgot to include an example from Fig. 1.1. There were also some candidates who did include an example that was not shown in Fig. 1.1.
- (b) The term 'productive' was generally understood, although many candidates gained only one mark out of the two marks available. A good example is below:
- The film crew is productive because they are skilled workers who carry out their tasks efficiently. This means less time is wasted and they can make more films.*
- (c) Many candidates were able to circle the correct conclusion to each sentence.
- (d) Many candidates could identify two relevant reasons why advertising is important, such as the need to inform and persuade customers, but sometimes found difficulty in applying these reasons to the film industry.
- (e) It was clear that candidates had sound knowledge and understanding of both television and magazine as methods of advertising. Many candidates suggested television advertising would be best as it had a wider audience and higher engagement from action scenes. Other candidates explained the merits of using magazine advertising in targeting customers with detailed information. The strongest answers explained and analysed advantages and disadvantages of both types of advertising with a supported recommendation based on the context and arguments presented. Weaker answers described the two methods of advertising without analysing or evaluating them.

#### Question 2

- (a) A large proportion of candidates were unable to explain one difference between a bank deposit account and a bank current account. Please refer to the published mark scheme for the range of acceptable differences.
- (b) (i) Candidates achieved greater success in knowing that Jack could use an ATM to obtain money when the bank is closed. Some candidates thought incorrectly that you could use a night safe, but that is used only for depositing money not obtaining it.
- (ii) Few candidates knew that a direct debit would be used to authorise a creditor to take money from a current account.

- (c) A question beginning with the command words 'Do you think' or 'Is it a good idea' means that the reasoning can be justified on either side or on both sides – it is essential to read the question carefully. The strongest answers were from those candidates who could explain the advantages and/or disadvantages of using mobile banking. Weaker answers described the features of mobile banking or did not justify their reasoning. A good example is below:

*Mobile banking allows Jack to conveniently pay his bills at anytime from anywhere without physically transporting himself to a bank where he might waste time by queueing up. He can also check his transactions and his balance. However, he might be subject to fraud if hackers gain access to his phone or bank details. Despite that, mobile banking is easy and quick for Jack to use so long as he has access to a reliable mobile network.*

- (d) (i) Many candidates knew that credit meant buying now and paying later.
- (ii) Candidates generally demonstrated weak subject knowledge on the topic of hire purchase. Stronger answers analysed a number of relevant points, including the fact that Jack could use the motorbike while paying for it over a period of time which would help with his cash flow, even if it did cost him more. Weaker answers often mentioned interest being charged without analysis or evaluation.

### Question 3

- (a) There was a high proportion of correct calculated answers for maximum marks. Weaker answers calculated the trade and cash discounts together from the amount of the invoice.
- (b) There were a range of interesting and valid suggestions on why the retailer had decided to postpone payment to the wholesaler for a month. Marks were not gained by suggestions lacking related explanation or by candidates not applying their answers to the context of the situation. A good example is below:

*It is most likely the retailer needed cash in the business to avoid cash flow problems. There may be other more important bills to pay, such as the rent of the shop or wages. Also, the retailer's debtors might have defaulted on their payments for goods sold so more time is needed to receive that money before paying the wholesaler. In any case, 2% cash discount is not a lot of a discount to give up. The retailer could possibly even earn more than 2% in interest by keeping the money in a savings account for a month.*

- (c) The best answers described and analysed how important a wholesaler was to manufacturers, with a final evaluated conclusion. Weaker answers simply described functions of a wholesaler without analysing them, so were unable to access higher marks.

### Question 4

- (a) Many candidates knew that imports were goods or services bought from other countries.
- (b) Candidates were often able to identify that a manufacturer was the answer to the first box in completing the chain of distribution diagram but found more difficulty in identifying the correct answer to the second box.
- (c) This question required candidates to describe a suitable method of communication for the importer to contact an exporter over a missing jewellery item. A good example is below:

*Mr Kavah should send a written message by email. The message can detail what is missing and an image of the package sent could be attached. This can be referred to if he then contacts Mrs Rana by telephone.*

- (d) This question proved to be challenging for many candidates. There was a general lack of knowledge of the services of airport authorities. It was only the best answers that recognised that it is the customs authorities, not the airport authorities, who are responsible for checking and collecting customs duties on goods such as gold jewellery.
- (e) The best answers analysed the two insurance principles - insurable interest and utmost good faith - and then made a judgement on which was the most important in context. Good answers also

explained that with insurable interest the insured must have a direct financial interest to receive any compensation. This meant that Mr Kavah could not insure goods if they were still owned by Mrs Rana. The stronger answers about utmost good faith explained that if the insured had not told the truth on the proposal form about the jewellery, such as how much it cost, then they would not receive any compensation after the theft because the contract would be void due to lying. Weaker answers lacked knowledge and understanding of both insurance principles.

### Question 5

- (a) Only a minority of candidates correctly identified that Fig. 5.1. showed a regional distribution warehouse (RDC).
- (b) The best answers recognised the relationship between the storage of goods at warehouses and the need for large-scale retailers to obtain these goods when demanded so that they do not have empty shelves and as a result, disappointed customers. Weaker answers narrowed their points to storing goods at warehouses.
- (c) Good answers identified and explained two effects of large-scale retailers on consumers. Weaker answers often only identified effects without supporting explanation or gave answers on, for example, the use of credit and delivery that could equally be applied to small-scale retailers.
- (d) This True and False question on retailing produced a range of marks from zero to three with the first statement being the least well answered.
- (e) The best answers described and analysed the possible benefits of a large-scale retailer owning its own fleet of trucks to make deliveries with a judgement made on whether it had more benefits than weaknesses. The better answers weighed up the possible cost-savings and direct customer contact benefits against the capital and running costs. The best candidates pointed out this balance in their evaluations. Weaker answers were narrower in focus and lacked analysis. A good example is below:

*If a large-scale retailer owns their own fleet of delivery trucks they can advertise on the side of the vehicles with images of their products and increase brand awareness. This is a cheap form of marketing. Delivery times to customers can be more flexible to meet customers' needs as they do not have to rely on the timetables of a third-party carrier. Also, as they are not paying the third-party carrier, they are saving money which could be passed on to consumers through lower prices.*

*The initial cost of acquiring trucks could be high but a large-scale retailer should be able to afford it. Ongoing maintenance of trucks could also be high and they will need to recruit and pay the wages of drivers which all increases costs and they may not want to increase prices to cover those costs because they might lose customers.*

*Despite increased initial costs, having their own fleet of delivery trucks has more benefits for large-scale retailers because of higher sales from brand awareness and greater control over the movement of their goods and control of their delivery costs.*