

COMMERCE

Paper 7100/12
Multiple Choice

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

General comments

The multiple-choice paper consists of 40 4-option items with some questions involving pictorial or diagrammatic data such as **Questions 2, 5, 9, 18, 19, 28 and 30** and some requiring candidates to use numerical data such as **Questions 11, 14, 27, 29 and 35**.

Questions 10, 16, 20, 24, 26, 30 and 32 were answered correctly by over 74 per cent of candidates.

Comments on specific questions

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

Question 3

In **Question 3** on division of labour, more candidates thought that option **A** – workers able to do a variety of tasks – was the correct answer, rather than option **B** – production becomes cheaper for each product made. By using division of labour on a production line, products become cheaper to make.

Question 19

The largest number of candidates chose option **D** – registered post – the correct answer, but there seemed to be an element of guessing as the other options all attracted many responses.

Question 21

The concept of the roll-on, roll-off ferry was not understood by many candidates. These ferries handle trucks carrying containers as well as loaded trucks. However, none of these trucks are unloaded at the port so option **A**, the most popular choice, bulk commodities can be easily loaded and unloaded, was incorrect. Option **D** – the correct answer – lorries do not have to unload cargo in transit – was not often chosen.

Question 23

Question 23 about the bill of lading caused problems with option **A** – about clearance by customs – attracting more answers than the correct answer, option **D** – the name of the ship.

Question 31

Responses about location factors for an online seller showed that candidates did not appreciate the needs of an online seller. Nearness to customers was often chosen, but customers for an online seller could come from all over the world. Option **C** – the large storage area – was the correct answer.

Question 36

In **Question 36** about improving the rate of inventory turnover, all options attracted many responses suggesting an element of guessing. Option **A** – about increasing the stock held – was the correct answer.

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Paper 7100/13
Paper 13 Multiple Choice

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

General comments

The multiple-choice paper consists of 40 4-option items. Some questions involved pictorial or diagrammatic data such as **Questions 2, 7, 20, 29, 32 and 39** and some required candidates to use numerical data such as **Questions 13, 15, 21, 26, 31 and 35**.

Questions 1, 2, 7, 15, 18, 21, 24, 29, 30, 31 and 35 were answered correctly by over 74 per cent of candidates.

Comments on specific questions

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

Question 23

In **Question 23** all options attracted responses. The correct answer was option **D** – providing security for goods and passengers. This function is performed by airport authorities. The other services are provided at airports but supplied by other organisations, e.g. customs authorities.

Question 27

Some guessing may have taken place on insurance documents. Option **C** – the proposal form – gives details of the past insurance record of a person buying insurance. The other options were all insurance documents but have other purposes, e.g. the policy is the contract of insurance.

Question 36

Question 36 about working capital asked what should be done if current assets were less than current liabilities – if the business had no/negative working capital. Option **B** – negotiate a longer trade period (to avoid paying debts so soon) – the correct answer, had a low response. Most candidates chose option **C** – pay debts more quickly. This is wrong because the business would use up what cash it had very quickly. Others chose option **D** – to sell some motor vehicles. Motor vehicles are capital items so any money raised would not affect the working capital of the business.

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Paper 7100/22
Paper 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 understand both the general focus of questions, as well as 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 concise and accurate commercial definitions.
- Answers to 6 and 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 get the marks.

General comments

The paper appeared to be accessible to most candidates, who coped well with the demands of the five questions. It discriminated well and there was no evidence of time pressure. The examination showed the importance of a consistent performance across the questions. The paper provides a broad coverage of the specification and therefore a clear understanding of the entire specification is essential for success.

All candidates had difficulty in answering **Questions 1e(ii)** and **4(b)**, where many candidates found it difficult to gain good marks on the topics of bonded warehouses and the cashless society. 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 2(b)** asked candidates 'State **three** features of a partnership.' Command words such as 'State', 'Name', 'Describe', 'Give' and 'List' confirm the question is at this level and requires a straightforward response.

AO2 (Application) tests candidates' ability to relate their answer to the context. In this examination, the context to **Question 3** was about advertising expenditure for different forms of advertising media. For example, **Question 3(a)(iii)** asked candidates to 'calculate the total amount spent on newspaper and magazine advertising in 2020.' Command words such as 'How', 'Draw', 'Why', 'Give an example' and

'Calculate' confirm the question is at this level and requires a candidate to make themselves familiar with the context provided.

AO3 (Analysis) requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, **Question 3(c)** asked candidates to 'Explain **two** reasons for the growth of internet advertising' 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(e)(i)** asked candidates to 'Do you think customs authorities play a useful role in trade?' Command words such as 'Explain why', 'Do you think', 'Discuss', 'Assess' and 'Evaluate' confirm the question is at this level.

Candidates should be reminded to make sure they give the number of responses required by the question. For example, in **Question 4(a)(i)** candidates were asked to 'State **three** bank services a customer can access using an ATM.' Some candidates gave two to four bank services and some simply repeated a bank service already given but using different wording. It should be emphasised to candidates that including less than the question asks for will reduce the maximum marks that a candidate can score; likewise, including more than the prescribed number does not gain any more marks and may waste valuable examination time that could be used elsewhere.

Comments on specific questions

Question 1

- (a) (i) The majority of candidates could identify the type of ship shown in Fig. 1.1.
- (ii) Correct answers were often given to an example of mechanised equipment used to unload cargo at a seaport.
- (b) Many responses correctly explained the importance of communication and described a suitable example between a seaport and a ship at sea. Weaker answers often gave an example without mentioning the importance of communication. A good example is below:
- If a ship is in danger of sinking, it is important to communicate by radio for assistance so that help can be provided and people on board the ship are rescued.*
- (c) There was a range of interesting and valid actions that consumers could take to reduce plastic pollution. Marks were lost by actions that lacked related explanations.
- (d) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.
- (e) (i) There were many relevant reasons that supported candidate judgements on the usefulness of customs authorities in trade.
- (ii) Many candidates had difficulty answering this question. The best answers produced a well-argued answer, with relevant supporting evidence, on the functions of bonded warehouses with a developed evaluation reviewing the importance of bonded warehouses. However, many candidates failed to produce relevant evidence and tended to discuss general points relating to warehousing in general.

Question 2

- (a) The majority of candidates could identify the relevant type of industry in which a dental partnership operates.
- (b) Candidates were asked to state three features of a partnership for example, unlimited liability, minimum of two owners and capital provided by partners. Weaker responses stated advantages rather than features.
- (c) Centres should note that a question beginning with the command 'Do you think' or 'Should' means that the reasoning can be on either side as long as it is justified. The best answers recognised that

there would be advantages and disadvantages of forming a partnership. Weaker responses did not apply their answers to the context of the question. A good example is below:

It would be good for Tahir and Ayesha to form a partnership as they would be able to use their combined capital, share ideas and responsibilities. However, we are not told what Ayesha's skills are. She may not be a qualified dentist and Tahir could lose everything he has built up over five years. So, it might be better for Tahir to form a private limited company so he would have limited liability.

- (d) It was clear that candidates had some knowledge and understanding of two different sources of finance that Tahir and Ayesha could use to buy dental equipment. Strong candidates suggested that personal savings would be best and explained that personal savings would save money as there would be no interest to repay. Other strong candidates explained the merits of obtaining a long-term loan as the most suitable source of credit so that they could spread repayments. The strongest answers explained and analysed advantages and disadvantages of both sources of finance with a supported recommendation based on the context and arguments presented. Weaker answers described the two sources of finance without analysing or evaluating them.

Question 3

- (a) (i) The majority of candidates knew that television advertising was the correct answer.
- (ii) Many candidates gave a valid example of a method of outdoor advertising.
- (iii) There was a high 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.
- (b) Creditworthy answers included the reason that the cinema does not reach a large number of people because of its limited audiences. Some candidates did not develop their answers sufficiently with further points of explanation. Weaker answers made underdeveloped points such as watching films at the cinema is expensive without linking it to fewer people watching cinema advertising.
- (c) The best answers identified and explained two different reasons for the growth of internet advertising. Weaker candidates gave reasons for the growth of online shopping instead or repeated the same reason again using different wording. A good example is below:
1. *Low cost – compared to other advertising media, such as television, more advertisers use the internet to advertise their products because it is cheaper.*
 2. *Global reach – advertisers can target a much wider range of consumers across the world.*
- (d) Candidates found this question challenging. For example, many candidates could identify one or two negative effects of advertising on consumers but found difficulty in analysing and then evaluating the effects. A small minority of candidates gave positive effects of advertising which was not required from the wording of the question. Centres should refer to the published mark scheme for the range of acceptable effects.

Question 4

- (a) (i) Bank services that could be accessed from an ATM were generally well known by candidates. Marks were lost by candidates who described the advantages of using an ATM or simply repeated a bank service already given by using different wording.
- (ii) Good answers identified and explained two different advantages of internet banking to customers. Weaker answers often only identified reasons without adequate supporting explanation.
- (b) This question proved challenging for many candidates. There was a range of interesting suggestions on what the term cashless society meant. The best answers made the two key points that it is when people use less cash and more electronic payments, such as a debit or credit card, instead. Weaker answers thought that it meant that people had less money to spend on goods and services. Lack of knowledge from these candidates meant that they were unable to access AO3 and AO4 marks. A good example is below:

A cashless society is where cash is replaced by electronic payment methods such as contactless cards. One reason for a cashless society is that electronic payments are quicker and more convenient as there is less counting of cash and fewer queues. Also, there is no need to carry cash so that reduces the risk of theft. However, electronic payments can lead to people overspending as consumers swipe and tap their cards without considering their budgets. It also leads to fewer stores on the high street as more retailers sell online with quick and easy electronic online payments. Although there are many reasons to move towards a cashless society, for many people cash is not a choice, it's a necessity. The risks of excluding many people from being able to pay in cash are significant, including risks to the loss of personal independence and the increased risk of debt.

Question 5

- (a) There were a sizeable minority of candidates who were able to complete all four parts correctly to Fig. 5.1. A common error was to put delivery note or debit note to **part (i)** instead of credit note. Another mistake was to add the trade discount instead of subtracting it from the total amount.
- (b) The best answers explained either the benefits and/or drawbacks of giving trade discount to customers. Weaker answers often mistook trade discount for cash discount or did not justify their reasoning. A good example is below:
- Yes, trade discount should be given as it is a reward of loyalty to frequent traders who will want to continue buying regularly, and in bulk, as they will be getting the goods at a lower price. This will stop the customer from buying from a competitor. However, the seller should not give too much trade discount as it means less profit, unless costs are reduced.*
- (c) This True and False question on the wholesale trade produced a range of marks from zero to three with the second statement being the least well answered.
- (d) Candidates generally demonstrated weak subject knowledge on the topics of social media and loyalty cards. Both social media and loyalty cards are very important marketing methods to enable retailers to increase sales and brand awareness in an increasingly competitive retail environment. The strongest answers explained and analysed advantages of both types of marketing methods with a supported recommendation based on the context and arguments presented. Weaker answers described one or two of the two methods with limited AO1 and AO2 points.

COMMERCE

Paper 7100/23
Paper 23 Written

Key messages

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

- Candidates should be reminded that for this GCE O Level Commerce syllabus, it is the quality of the response that determines the level an answer achieves for the three 6-mark questions and the two 8-mark questions, rather than the quantity of correct statements contained within an answer. Quality is determined by progression through the hierarchy of the four assessment objectives set out in the syllabus.
- Note the number of marks awarded on each question.
- Use time effectively. Time spent on answering questions should be directly related to the number of marks allocated.
- Read and re-read questions before answering. Weak responses were often characterised by not taking enough time to fully understand both the general focus of questions, as well as 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 concise and accurate commercial definitions.

Answers to 6 and 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 get the marks.

General comments

The paper appeared to be accessible to most candidates who coped well with the demands of the five questions. It discriminated well and there was no evidence of time pressure. The examination showed the importance of a consistent performance across the questions. The paper provides a broad coverage of the specification and therefore a clear understanding of the entire specification is essential for success.

All candidates had difficulty in answering **Questions 2(b)** and **5(c)**, where many candidates found it difficult to gain good marks on the topics of logistics and the importance of communications. Apart from this, it was evident to Examiners that all centres had prepared their candidates well by providing wide coverage of the syllabus content, with candidates possessing generally sound knowledge and understanding of commercial vocabulary.

The command words used in the examination paper indicate the Assessment Objective (AO) targeted:

AO1 (Knowledge and understanding) tests candidates on their ability to demonstrate their knowledge and understanding of commercial terms, ideas or principles mentioned in the question. For example, **Question 2(b)** asked candidates 'State **two** functions of a retailer.' 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 JJ Ltd, a jewellery retailer. For example, **Question 2(d)** asked candidates to calculate 'How much does JJ Ltd owe after trade discount?' Command words such as 'How', 'Draw', 'Why', 'Give an example' and 'Calculate' confirm the question is at this level and requires a candidate to be 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(e)** asked candidates to 'Explain **two** other reasons why wholesalers are important to food manufacturers'. Command words such as 'Identify', 'Compare', 'Explain' and 'Analyse' confirm that the question is at this level.

AO4 (Evaluation) tests candidates' ability to formulate some judgements. For example, **Question 3(c)** asked candidates 'Are small vans the best method of transport for BB to deliver bread to its retail stores?' 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 1(b)** candidates were asked to 'State **two** methods managers can use to communicate with their factory workers.' Some candidates gave one or three communication methods. 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 production by defining it as transforming raw materials into finished goods.
- (ii) The term production process was not well understood by candidates. Candidates were expected to study Fig. 1.1 and then decide on an activity that is shown on the production line, such as washing and bottling of the tomato sauce.
- (b) The majority of candidates could correctly state two communication methods that managers could use to communicate with their factory workers.
- (c) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.
- (d) Centres should note that a question beginning with the command word 'Are', 'Should', 'Would' or 'Do you think' means that the reasoning can be on either side as long as it is justified. Many answers balanced positive and negative points which generally worked well. The best answers demonstrated good knowledge of the environment applied to glass bottles. One good example is below:
- Yes, glass bottles are more environmentally friendly compared to plastic bottles because they can be reused without expensive recycling processes. So glass bottles cause less pollution, but if they are transported over long distances, it could increase the carbon footprint and cause greater global warming.*
- (e) The best answers identified a reason and explained why wholesalers were important to food manufacturers. Weaker answers simply identified one or two reasons without explaining them.
- (f) The best answers described and analysed the possible impacts, both positive and negative, of MNCs in the global economy with a judgement made on whether it had more positive than negative impacts. Most candidates saw MNCs as having positive benefits to the global economy due to the creation of wealth and jobs although some candidates did mention their negative impact on their use of non-renewable resources. Weaker answers lacked analysis of points made and application of effects to the global economy.

Question 2

- (a) Most candidates knew that the term Ltd was an abbreviation for limited.
- (b) Very well answered by most candidates who gave two valid functions of a retailer. Selling goods in suitable quantities and providing advice to consumers were frequent correct answers.

- (c) Stronger answers explained reasons why a customer would, or would not, use a store card to purchase jewellery. These candidates applied their answers well to the fact that jewellery can be expensive and so credit from a store card would be a good idea. Weaker answers identified one or two points about store cards without applying their answers to purchasing jewellery. A good example of a candidate's answer who thought that purchasing jewellery by a store card was not a good idea is below:

No, it is not a good idea to purchase jewellery by store card. There are high interest rates of around 30 per cent if the customer does not repay within the month. So, jewellery costing \$1800 would end up costing \$2340 which is \$540 greater than the purchase price. Also, the customer would need to have a high credit limit to purchase expensive jewellery and can only purchase in JJ Ltd stores which limits their choice. Overall, paying by cash is a better way if the customer can afford it.

- (d) There was a high proportion of correctly calculated answers. Weaker answers simply calculated the amount of trade discount without deducting it from the total value. This emphasises the importance of showing workings for every calculation.
- (e) The best answers described and analysed why JJ Ltd should or should not sell its jewellery by mail order, with a final evaluated conclusion on how it affected JJ's profitability. Weaker answers simply described advantages or disadvantages of selling by mail order without analysing them, so were unable to access the higher marks.

Question 3

- (a) There was a high proportion of correct answers for the maximum three marks. Some candidates achieved two out of three marks by not deducting the total costs to **part (iii)**.

- (b) Many candidates were unable to describe the commercial concept of logistics. One good example of a correct answer is below:

Logistics is the overall process of managing how resources are acquired, stored, and transported to the final consumer.

- (c) Strong answers included the reasons why small vans would be better to deliver bread; as they can deliver to the doorsteps of the stores, can deliver at any time and are quick over short distances. Some candidates lost marks on this question by not developing their answers with further points of explanation. Weaker answers made underdeveloped points such as bread is a perishable item without linking it to the capacity or refrigeration of a small van.
- (d) It was clear that candidates had some knowledge and understanding of these two different sources of finance that BB Bakery could use to finance its expansion. Some candidates suggested a loan would be best and explained that a loan can be repaid over a long period of time. Other candidates explained the merits of selling assets so that there would be no interest to be paid. The strongest answers explained and analysed advantages and disadvantages of both sources of finance with a supported recommendation based on the context and arguments presented. Weaker answers described the sources of finance without analysing or evaluating them.

Question 4

- (a) (i) This question was not well answered. Candidates needed to give and describe a suitable bank service to pay insurance premiums, such as a standing order. Some candidates did provide a suitable service but did not describe its use.
- (ii) This question was well answered, with the majority of candidates recognising that an ATM would be used to obtain cash when the bank is closed. Some candidates incorrectly thought they use a night safe.
- (b) Many candidates recognised that bank statements are important to check transactions, to view balances and to be make sure there are no errors. Marks were lost by candidates who did not develop their reasoning with further points of explanation.

- (c) It was clear that candidates had some knowledge and understanding of both informative and persuasive types of advertising. Many candidates suggested informative advertising would be best as it would contain lots of detail that a saver would be interested in checking before opening a new savings account. Other candidates explained the merits of using persuasive advertising in targeting customers with more visual images than facts. 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 types of advertising without analysing or evaluating them. A good example is below:

Informative advertising will provide detailed information about the new savings account. This information will include the amount of deposit required, the rate of interest and whether it can be opened in a bank branch or online. If the rate of interest is high, then a customer will be interested in opening the new account as they will be earning more money than if it was lying around at home.

Persuasive advertising will try to persuade people to save with colour or funny images and phrases such as 'if you save with me, you will become rich'. This will make the customer think that if they save in this new account, they could afford more luxuries.

It will depend on the bank's advertising budget. If they have a large budget, they should use a combination of both types of advertising. The bank could send out informative emails to existing customers and use persuasive adverts to attract the attention of new customers on television.

Question 5

- (a) (i) There were a high proportion of correct answers calculated for maximum marks. Weaker answers deducted the total exports from the total imports for all four countries.
- (ii) The correct answer of a trade deficit was frequently chosen.
- (iii) The majority of candidates knew that country D was the correct answer.
- (b) This True and False question on customs authorities produced a range of marks from zero to three with the second statement being the least well answered.
- (c) This question was not answered well. Candidates generally could describe communications used in international trade, such as videoconferencing, but found difficulty in demonstrating skills in analysing and evaluating their importance. A good example is below:

With effective communications, and the help of technology, international buyers and sellers can easily talk, meet online or email to place orders and give information on delivery dates. This enables trade to take place efficiently throughout the world. Through websites, sellers can advertise their goods, and buyers can make orders without the need to meet face-to-face. Meeting face-to-face leads to extra costs, like transport and hotel bills, as well as wasting the time spent travelling. Also, managers can communicate internally with their workforce in other countries to find out about production and make decisions on how the business should progress.

Overall, communications is very important as it speeds up global trade, allowing buyers and sellers to communicate immediately and create stronger relationships for trading opportunities, so it helps to increase international trade.