

COMMERCIAL STUDIES

Paper 7101/01
Elements of Commerce

General comments

The overall outcome of the examination was commensurate with November 2006.

It was evident to Examiners that many Centres had prepared their candidates well by providing wide coverage of the syllabus content with candidates possessing generally sound all-round knowledge and understanding of commercial vocabulary.

Reference in this Report is again made to the importance of command words (and other key words) in questions. It is essential that candidates understand what is expected of them by these words, and time needs to be spent in developing this understanding, as well as covering the syllabus content. In particular, candidates are often having trouble in knowing what is required by analytical and evaluative questions. These generally occur in one or two parts of the questions in both **Sections A** and **B**. Examples of this weakness are given in the individual question comments.

A further weakness relates to candidates ignoring the number of responses required by some questions, e. g. two functions, three advantages, two ways. It should be emphasised to candidates that including more than the prescribed number does not gain any more marks, and in fact, it wastes time which could be used elsewhere in the paper to score marks.

Rubric problems were evident in this examination. A small number of candidates answered all five questions in **Section A**, instead of choosing three out of the five provided.

In addition to candidates' general weaknesses, the examination outcome showed that the following topic areas of the syllabus content need more attention from candidates:

- The reasons for importing goods (**Question 1**).
- Advantages of large-scale retailing (**Question 2**).
- Excise duty (**Question 3**).
- Cheque cards (**Question 4**).
- Types of insurance (**Question 7**).

However, candidates tended to perform well in their answers on the following topics:

- The types of production (**Question 1**).
- The importance of international trade to a country (**Question 1**).
- The differences between brokers and factors (**Question 3**).
- The benefits of using Internet banking (**Question 4**).
- The reasons why people advertise (**Question 5**).
- Advantages of road and pipeline transport (**Question 6**).

Section A

Question 1

In part **a) (i)-(iii)**, most candidates accurately defined primary, secondary and tertiary using appropriate examples. In **part a) (iv)** human wants was often incorrectly given as human needs.

In **part (b)**, many candidates scored two marks for valid examples of goods and services but found difficulty in accurately defining the two terms.

In **part (c)**, good candidates gave valid reasons such as gaining foreign currency, increasing government revenue, friendly ties and greater employment. Vague statements such as 'to increase profit' did not score.

Part (d) proved to be most difficult part of this question for all candidates. Instead of giving similar points to **part (c)** candidates needed to focus on lower cost and better quality reasons.

Question 2

The vast majority of candidates were able to describe what was meant by self-service in **part a)(i)**. **Part a)(ii)** was sometimes incorrectly answered from a customer's point of view rather than the retailer's.

In **part (b)**, many candidates obtained one mark for saying that the small store gave personal advice or offered credit. However, obtaining the subsequent development marks proved more difficult in their reasoning.

In **part (c)**, there was a general confusion with some candidates contrasting large scale retailing with supermarkets rather than seeing supermarkets in the context of large scale retailing. Answers needed to focus on the advantages of bulk-buying, fewer staff and quick turnover rather than just the popularity of self-service.

In **part (d)**, there was generally sound knowledge and understanding on the differences between a partnership and a private limited company.

Question 3

Question 3 was a frequent choice.

Many candidates correctly distinguished between brokers and factors in **part (a)**.

In **part (b)**, candidates generally answered this question extremely well with good use made of both trade as well as cash discount.

Part (c) proved demanding for weaker candidates who gave general answers on warehousing rather than relating their responses to exporters. The command words 'explain the importance' required more analysis.

In **part (d)(i)**, most candidates could identify two functions for two marks but sometimes found difficulty in obtaining the second mark by a lack of explanation. There was a general lack of knowledge on the term 'excise duties' to **part (d)(ii)**.

Question 4

In **part (a)**, many candidates accurately applied the correct bank service to the given situations. However, marks were lost by inadequate explanations or by incorrect application.

Relevant uses of Internet banking were given by most candidates to **part (b)**.

Part 9 (c)(i) differentiated between those candidates who could analyse the reasons why individuals use other methods of payment rather than cash, from those candidates who gave generalised and superficial answers such as 'because cheques would be better' (for nil marks). There was a general lack of knowledge on what cheque cards and debit cards were to **parts (c)(ii)** and **(c)(iii)**. Please see the mark scheme for these relevant points.

Question 5

In **part (a)**, it was disappointing to see so many candidates unable to explain how each method worked. However, most candidates were able to give suitable circumstances when each method would be used. Many good answers to face-to-face stated that candidates buying a bicycle would be talked too and had points of the bicycle demonstrated to them.

In **part (b)**, many candidates described valid reasons for the increased use of computers with relevant examples aiding their answers.

In **part (c)**, there were many very good answers on the reasons for advertising that included informing, persuading and reminding customers.

In answering **part (d)** many of the answers were not well contextualised or applied correctly to the media. Moreover, several candidates mistakenly referred to window display as advertising on the Internet. Good answers concentrated on the cost and response of each of the three media given.

Section B**Question 6**

Candidates were generally able, in **part (a)**, to state many of the advantages of air and pipeline transport. However, examples of the cargo carried in each of these methods was not always valid.

It was pleasing to report that most candidates could explain at least one point in **part (b)(i)**. A wide variety of answers was given to **part (b)(ii)** where the 'world wide web' was the required answer.

Part (c) was answered quite well. However, weaker candidates incorrectly referred to the air waybill and the bill of lading as the bill or cost for transporting the goods.

Question 7

Part (a)(i) was often calculated correctly. **Part (a)(ii)** was poorly attempted, with many candidates answering incorrectly in terms of warehouse size or because of competition.

Very few correct answers to **part (b)** where candidates found it difficult to apply their knowledge to the circumstances provided.

In **part (c)(i)** correct answers mentioned loss of profits but answers in terms of natural disasters gained no marks. The command words of 'explain why' to **part (c)(ii)** proved difficult for most candidates.

The concepts of utmost good faith and policy were generally well known and soundly explained to **part (d)**.

Recommended comments

The outcome of this examination shows that candidates need to:

- study the syllabus content more widely in order to minimise the number of gaps in their knowledge, which is especially important in relation to the compulsory **Section B** questions.
- understand more clearly what is required of them by the **command words** and other key words in questions, in particular those relating to assessment objectives 3 and 4.
- absorb the context of a question and to keep reminding themselves of this context when answering the question parts.
- read and follow all the rubrics carefully.

COMMERCIAL STUDIES

Paper 7101/02

Arithmetic

General comments

The level of the paper was such that all candidates were able to demonstrate their knowledge and ability. The paper was challenging for all, including the most able. There was no evidence at all that candidates were short of time as some candidates even attempted all 4 questions in Section B. The general level of performance was better than last year.

Failure to show working was a concern this year and candidates need to be aware that when the answer is wrong considerable credit can still be earned by the working. A significant number of candidates thought that, for example, a 11% increase on \$54 was \$65 and this happened a number of times throughout the paper.

Particular Comments

Question 1

Generally very well answered by all but the weakest candidates. The few candidates who made errors in **part (a)** failed either to convert the units or used 100 instead of 1000.

In **part (b)** the common error was to do the subtraction first.

Part (c) was correctly answered by most candidates.

Answers: (a) £1.98 (b) $31\frac{3}{4}$ (c) \$2800

Question 2

There was some misunderstanding about the meaning of 2 decimal places and a few candidates were moving the decimal point, whilst others ignored this instruction. In **part (b)** some candidates left decimals in their answer but generally this was well done.

In **part (c)** a very common error was $\frac{200}{250} \times 100$.

Answers: (a) 1.47 (b) $17/25$ (c) 125%

Question 3

Generally not well done. Some candidates were using 100 minutes to the hour whilst a very large proportion assumed that there was only one day between Monday and Friday so that 20 hours was a very common error. The most frequently incorrect time calculation was for Saturday.

In **part (b)** many candidates only multiplied one rather than both quantities by 6 to calculate the cost of 6 trips.

Part (c) was generally well done.

Answers: (a) 54 hours (b) \$352.50 (c) 22.4 km

Question 4

The Simple Interest question was not well done, whilst in contrast, the Compound Interest question was usually completely correct and very well presented. Quite a number of candidates did not realise that the investor would recover the value of the bond so that £6000 should be added to the interest in both parts.

Answers: (a) £7281 (b) £7320.86

Question 5

Part (a) was well done but with many candidates ignoring the instruction to give the answer correct to the nearest dollar. Some candidates were confused by the commission charge and added it instead of subtracting it from the £350 (or its dollar equivalent).

There was much confusion in **part (b)** about what charge applied when and the \$2.40 was often multiplied by a distance even though it only applied to the first kilometre. Similarly the \$0.50 was either multiplied by 10 or 25 even though it only applied to the last 15 kilometres of distance to Singapore. Some candidates failed to add on the Airport surcharge and just ignored it. In **part (ii)** many candidates subtracted the extra payment for using the credit card instead of adding it on.

Answers: (a) \$1005 (b)(i) \$18.50 (ii) 20.35

Question 6

This was generally well done with most candidates scoring at least 4 marks. Some of the bar charts were not drawn on graph paper or were not properly labelled. A few candidates had the first bar from 0 to 3. Almost all candidates scored the mark for the mode and most knew what to do for the median.

Part (b) was badly done by all except the most able. Most candidates did not seem to be aware of the connection between the total and the mean.

Answers: (a)(i) equal width bar chart (ii) 4 (iii) 5 (b) 6

Question 7

Most candidates fully understood **part (a)** and how to solve it.

In **part (b)** there was much misunderstanding of the connection between the Sales Revenue and the commission. Many candidates also did not understand that the 2% commission applied to all of the Sales Revenue for weeks 2 and 3, whilst the 1% applied to weeks 1 and 4. Most candidates did not apply the maximum of \$250 but simply added it on to the commission. Other mistakes included adding the sales revenue to the commission, so that in many cases the manager was earning more than his sales revenue.

Answers: (a)(i) \$75.60 (ii) 115 (b)(i) £2190 (ii) 5.92%

SECTION B**Question 8**

Very few candidates attempted this question. Those that did generally knew what they were doing and scored well. Some failed to understand the "per \$1000" in the table and some very large premiums resulted. Discount and tax were often added and subtracted instead of *vice versa*.

Answers: (a) \$199 (b) \$223.86

Question 9

The question was very popular. In **part (a)** only **part (ii)** was not done well. Many candidates thought the value of the depreciation was constant, finding the first year depreciation and then multiplying by 3.

Some confused depreciation with value and this caused real problems in **part (iii)** where they inevitably used the value at the end of year 3 instead of the depreciation.

Part (b) was also well done by most candidates although some candidates ignored the bold type in the question and found the number of computers that could be purchased

Answers: **(a)(i)** \$32000 **(ii)** \$13500 **(iii)** 57.8% **(b)** 20

Question 10

Part (a) was generally well done although the common error was to subtract the commission instead of adding it to the purchase price.

In **part (b)** similar confusion existed over the commission and the dividend as to whether or not they were a charge or a bonus.

Answers: **(a)** £2043.52 **(b)** £661.48

Question 11

This question was also very popular. **Parts (a), (b) and (c)** were well answered. **Part (d)** was not so well done and candidates were subtracting, multiplying, adding and dividing all sorts of numbers without a clear picture of what they were trying to achieve.

Answers: **(a)** 0.7125 **(b)** 104025 **(c)** 60304.35 **(d)** £46618.(94)

COMMERCIAL STUDIES

Paper 7101/03
Text Processing

General comments

It was pleasing to note that the overall accuracy and presentation of tasks was much improved this year. Unfortunately some candidates lost marks due to little or no knowledge about the layout of business correspondence. The candidates that were affected by this produced excellent grammatically correct business letters but lost marks for inconsistent layout, punctuation, incorrect salutation/complimentary close and inconsistent spacing between parts of letter.

Comments on specific questions

Section A

Question 1

Most candidates struggled to complete the accuracy test resulting in loss of 7 marks. Candidates produced test with acceptable side margins, heading in capitals but lost one mark for using single line spacing.

Question 2

All candidates used plain paper for the table and on the whole made a very good attempt. Good candidates averaged 15 – 18 marks for this question.

Common errors included:

- Not following instruction for heading **bold** capitals
- Inconsistent spacing between columns
- Instruction for four headings **bold** and underlined not followed
- Ruling not as indicated

However most candidates were awarded all the marks for printer correction signs

Question 3

Although good marks were achieved by most candidates for the content of the business letter, marks were lost due to poor knowledge of correct layout. These included:

- Headed paper not used
- Inconsistent use of open/closed punctuation
- Date and reference omitted
- Incorrect address and addressee
- Incorrect salutation and complimentary close
- Enclosure omitted

Question 4 (a)

Good marks, including accuracy were achieved by nearly all candidates. Date and subject heading were correctly inserted. Marks were lost through lack of knowledge of the layout of a memorandum. Memorandum was omitted as well as the format FROM, TO, DATE. Example shown below:



MEMORANDUM

FROM Patrick Rowlinson, Administrative Assistant
TO Farida Patel, Marketing Manager
DATE Today's date

LEISURE CLUB ANNUAL DINNER DANCE

Some candidates managed to put in the names correctly, but failed to gain the marks by not entering the job titles for Patrick Rowlinson and Farida Patel.

Question 4 (b)

Candidates achieved good marks for this task. All correction signs were followed, accuracy was good overall but extra marks could have been achieved by using effective display methods and font types.

Question 5 (a)

Excellent marks achieved for this task. Candidates completed all sections of the form accurately and well.

Question 5 (b)

This task was presented in a professional manner. Attention was paid to font sizes and consistency throughout. All printer correction signs and margin instructions were followed. Marks were lost due to accuracy and incorrect use of footnote.