

COMMERCE

Paper 7100/11
Multiple Choice

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

General comments

The multiple-choice paper consisted of 40 4-options questions, of which **Question 1, Question 2, Question 13, Question 16, Question 23, Question 29, Question 33 and Question 37** presented data in either tabular or diagrammatic format. The paper also contained 4 calculation-based questions, numbered **Question 2, Question 11, Question 31 and Question 37**. These questions required demonstration of numerical skills. There were just one negative (**not**) questions. There were at least 6 questions which can be classified as easy questions because these were answered by more than 80 per cent of the candidates. These questions were **Question 7, Question 12, Question 17, Question 23, Question 25 and Question 39**. However, the paper also had questions that a majority of candidates found reasonably difficult. In particular, these were **Question 31, Question 35, Question 37 and Question 38** which received correct response from less than 30 per cent of total candidates.

Comments on specific questions

Question 31

This was a calculation-based question. A majority of candidates were split between the options **B** and **C**. The correct answer was option **B** \$6000 which was chosen by 29 per cent of total candidates compared to 45 per cent for option **C**. The most plausible reason for this could be the lack of understanding of insurance principles and the factors which effect insurance claims, which in this question was the fact that the garage was underinsured and therefore the loss was **not** eligible for full compensation.

Question 35

This question was very accessible. A majority of candidates were either choosing option **C** (36 per cent) or option **D** (34 per cent). However, the correct answer was option **A** *Financial information must be shared with the government*, which only 24 per cent could get right. The only reasons for the low performance could be either lack of understanding or confusion on the differences between a private and a public limited company.

Question 37

This was a fair and highly accessible calculation-based question for any candidate familiar with the formulae for working out the cost of goods sold when other figures are given. There was an almost equal split between option **A** (26 per cent), option **B** (30 per cent) and option **C** (27 per cent). The correct answer was option **C** \$260 000. The only reason for which just over a quarter of the candidates could answer this question correctly could be the inability to recall the correct formula for calculation.

Question 38

This question on working capital required analysis. The correct answer in response to the appropriate action to improve working capital was answer **A** *asking for extended trade credit*. Only 11 per cent of candidates could answer this correctly (compared to 55 per cent of the candidates incorrectly choosing option **D**). The reason for this could be the inability to analyse.

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Paper 7100/12
Multiple Choice

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

General comments

The multiple-choice paper consisted of 40 4-options questions, of which **Question 6**, **Question 8**, **Question 12**, **Question 14**, **Question 19**, **Question 29** and **Question 31** presented data in either tabular or diagrammatic format. The paper also contained 3 numerical questions, numbered **Question 10**, **Question 12** and **Question 27**, which required skills of calculation. There was just one negative (**not**) question.

At least 6 questions in this particular paper can be classified as easy questions because these received correct response from more than 80 per cent candidates. These questions were **Question 3**, **Question 5**, **Question 10**, **Question 16**, **Question 20** and **Question 30**. Of these questions, not surprisingly, **Question 20** was answered correctly by 96 per cent of candidates as it related to their day-to-day digital activities. In comparison, there were 4 questions out of 40 that can be classified as relatively challenging because each question was answered by less than 30 per cent of the candidates who attempted these. These questions are discussed in this report.

Comments on specific questions

Question 4

This fair and accessible question only required demonstration of knowledge of the feature of a multiple chain store from amongst the 4 options. The correct answer option **A** *centralised purchasing* was selected by less than a quarter (21 per cent) of the total candidates. A large number incorrectly chose option **C** *many departments*. The reason for this could perhaps be establishing an incorrect linkage between the words *multiple* (in the question) and *many* (in option **C**). This reflected lack of knowledge.

Question 19

This diagram question required careful examination of the information displayed in a given image of a particular type of postal envelope (a business reply envelope), and some analysis. Only 27 per cent of candidates chose the correct answer in option **B** *It encourages potential customers to respond*. The reasons for which a majority of candidates could not answer this question incorrectly could be either the indifference to the information presented in the diagram **or** their inability to analyse the information.

Question 24

The answers were split almost equally between option **A** conveyor belts (26 per cent) and option **D** robots (25 per cent). This could be a challenging question because it requires candidates to have familiarity with the physical functioning of these various warehousing technologies, and also an appreciation of the fact that a conveyor belt can only be used to move the items and **not** physically pick the items from the shelves. That function can only be performed by a robotic arm. However, the question was valid.

Question 40

This question on consumer protection required some analysis. This question is about **resolving the particular consumer complaint** in the question. Since only 24 per cent of candidates chose the correct answer in option **C** *refund the difference of \$40* this could indicate the inability to understand the requirement of the question and analyse it correctly.

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Paper 7100/21
Written 21

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 register both the general focus of questions, and also the level of detail required.
- Look for the important words in each question, e.g., command words such as explain or describe and key words such as suitable or best.
- Show working out in any calculation questions.
- Revise all areas of the syllabus.
- Candidates should learn succinct and accurate commercial definitions. Answers to 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 receive the marks.

General comments

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

All candidates had difficulty in answering **Question 3(d)** and **5(e)**, where many candidates found it challenging to gain good marks on the topics of international means of payment and improving commercial performance. 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 4(a)** asked candidates to 'State **two** features of a multinational bank.' Command words such as 'State', 'Define', '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 1 was a retailer's website advertisement. For example, **Question 1(a)(iii)** asked candidates to 'Calculate the monthly payment if a customer pays by direct debit.' 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 2(a)(i)** asked candidates to 'Identify which stage is a primary industry activity.' 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 'Do you think having a stall at a trade fair is useful for exporters?' 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 2(c)** candidates were asked to 'State **two** features of a bonded warehouse.' Some candidates gave three reasons. It should be emphasised to candidates that including less than the question asks for will reduce the maximum marks that a candidate can achieve; 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 term 'flash sale' produced a varied range of responses by candidates. Although many candidates knew that it was a sales promotion held over a short period of time, other candidates confused it as a clearance sale.
- (ii) Many candidates were able to recognise that 0% interest was offered to attract customers.
- (iii) There was a high proportion of correctly calculated answers to this question. Many candidates gave \$32 as the correct answer. A minority of candidates did not gain one mark by not dividing their total payment figure by 24.
- (b) This proved to be a well-answered question. Most candidates could explain one reason why retailers advertise smartphones on their website. Marks were sometimes not gained by candidates who did not explain their stated reason. Good examples of answers are seen below:
- 'A website operates 24/7 which means that potential customers can visit the website at any time giving the possibility of greater sales.'* *'Having a website increases a retailer's SEO which can drive more traffic and interest to their website'.*
- (c) Centres should note that a question beginning with the command words 'Do you think' or 'Do you agree' means that the reasoning can be on either, or both sides, as long as it is justified. The best answers recognised that there were pros and cons of delivering goods by drone. Weaker answers lacked justifying their reasons.
- (d) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.
- (e) Stronger answers explained some of the important reasons of warehousing to online retailers, with supporting analysis that with the changing demand in consumer buying habits, online store warehouses were becoming essential to pick, pack and ship goods directly to customers. Many of these higher-level answers evaluated that these warehouses were also important to cope with the increasing number of online returns. Some candidates misdirected their answers by comparing online retailers with physical stores. Weaker answers described one or two warehousing functions without analysis or subsequent evaluation.

Question 2

- (a) (i) The correct answer of tea grower was frequently given.
- (ii) Most candidates could identify stage X as 'customer' from Fig. 2.1.
- (b) A large proportion of candidates were unable to explain one difference between a broker and a factor. Please refer to the published mark scheme for the range of acceptable differences.

- (c) Many candidates could not state two features of a bonded warehouse, with candidates often confusing it with an ordinary warehouse.
- (d) Generally, candidates could describe transport used in the chain of distribution, such as use of air transport to deliver valuable goods but found difficulty in demonstrating skills in analysing and evaluating transport's importance in the logistics process. An example of a good answer is seen below:

'The chain of distribution is a way in which goods are transferred from producers to consumers. Transportation is the movement of goods from one place to another.'

Transport enables raw materials to be moved from the primary stage to where they can be processed. This adds value to their utility. By processing the goods into finished goods, this enables these goods that have changed form, to be transported from factories to wholesalers to supply retailers with the goods on time so that can be sold. Therefore, when goods are demanded, the retailers can make a profit and customers will be satisfied that goods are available to buy.'

In evaluation, transport is the connecting link between producer and consumer. Without transport production would not be possible. Effective transport helps trade and businesses to expand and produce more, helping the chain of distribution to move towards globalisation.'

Question 3

- (a) (i) The majority of candidates knew that country A was the correct answer.
- (ii) The majority of candidates knew that country C was the correct answer.
- (iii) One out of two marks was a frequent score to this question. Marks were not gained by answers that did not mention imports and exports in their definition of invisible trade.
- (b) (i) Some candidates showed confusion between tariffs and quotas. For example, some candidates outlined the effect of limiting the number of imports into a country rather than explaining the effect of a tax on imported goods.
- (ii) Some candidates wrote about the effect of a reduction of imports, with an embargo, without little reference to an embargo being a ban on trade.
- (c) In answering this question, candidates had to decide whether having a trade fair is useful for exporters. The best answers justified their reasoning with developed explanation. Weaker answers identified one or two points without applying, or developing, their answers. A good example is seen below:

'Having a trade fair enables an exporter to showcase and launch new products. It is a good opportunity to meet sales representatives from other companies who might be interested in purchasing their goods. This could lead to increased sales revenue as well as developing strong trade relationships for the future. However, there are costs involved in setting up the stalls and travelling to the venue. Of course, if there are only a limited number of delegates attending, it might mean that the exporter has low sales or none.'

- (d) It was found that many candidates had limited knowledge and understanding of two methods of payment that exporters can use to make sure that they do receive payment. The best responses suggested a letter of credit would be best and explained that it is an undertaking by the importer's bank to guarantee payment. Other candidates explained the merits of using electronic transfers, including the point that there was less need for currency exchange. These answers then made a supported recommendation based on the context and arguments presented. Weaker answers either described the methods of payment without analysing them or chose inappropriate methods of payment that would be used in home trade.

Question 4

- (a) Although many candidates knew that one feature of a multinational bank was that it operates in more than one country, giving a second feature was more difficult. Some candidates gave bank services, such as providing currency exchange, which were incorrect.

- (b) Many candidates were able to correctly identify two types of bank accounts, such as deposit and current. Incorrect answers, which were often given, were credit cards and debit cards.
- (c) This question required answers on whether a bank should send letters to inform its customers about a new mobile banking app. Many candidates could identify relevant reasons, such as to provide details on how the app works and use of letters for future reference. Other answers developed negative points by mentioning that it would be expensive in both time and money to send out letters to all customers, commenting that it would be quicker to send an email. Weaker answers tended to write a list of reasons without related explanation or application. An example of a good answer is seen below:
- 'Due to digital means of communication and the irritation from direct mail leaflets, many people do not check their mail. This means that letters can be left unread and ignored as junk mail. Letters would also be slow and expensive to distribute. It would be much more practical for a bank to send one email to all customers with the opportunity for them to give feedback on the proposal.'*
- (d) Candidates found this question difficult to gain good marks. For example, many candidates could identify one or two implications of online banking for banks but often found difficulty in analysing and then evaluating the implications. A small minority of candidates gave implications for customers which were not required from the wording of the question.

Question 5

- (a) This question required candidates to study the resource material of information relating to a country's employment situation. Although many candidates knew that public sector organisations were owned by the state, some candidates did not gain marks by confusing public sector organisations with public limited companies by giving selling shares or being owned by shareholders as their answer.
- (b) Many candidates correctly calculated the answer of 2 400 000 but some candidates did not gain marks by simply working out the percentage of unemployed instead of the actual number of unemployed people.
- (c) (i) Good answers explained that wholesalers, in their role of breaking bulk, buy in large quantities from the producer and then splits up these quantities into small quantities for the retailer to buy. Weaker answers often repeated the wording of the question 'to break bulk'.
- (ii) There were many reasonable attempts at this question with good answers recognising that wholesalers, by buying ahead of demand, may not sell the goods leading to a loss. Weaker answers sometimes looked at preventing risk rather than focusing on risk-bearing.
- (d) This True and False question on statements produced a range of marks from zero to three with the third statement being the best well answered. Many candidates knew that an order sent by the wholesaler to the retailer is a false statement.
- (e) Many candidates had limited knowledge and understanding of the two different options that a wholesaler could use to improve its working capital. The better answers suggested option 1, improving collection of money owed by retailers, would be best and explained that it does not have any interest to be paid back. Other candidates explained the merits of option 2, asking for a bank overdraft, including the point that it would be more immediate to use than option 1. These answers then made a supported recommendation based on the context and arguments presented. Weaker answers described the options without analysing or evaluating them. An example of a good response is seen below:

'Working capital is the finance used for the day-to-day running of a business. It is calculated by current assets minus current liabilities.'

By using option 1, the wholesaler is asking the retailers to pay as soon as possible. This would increase the wholesaler's cash flow and so increase its current assets. If the retailers do not want to pay straightaway, a payment plan could be set up or some incentives, such as a discount, to quicken payment. Of course, the retailers might refuse to pay the money owed, leaving the wholesaler with a bad debt.'

By using option 2, where the wholesaler is asking for a bank overdraft, they would receive some money which would lead to a positive cash flow. However, there is interest to be paid which adds to the wholesaler's current liabilities. There is also a limit on the amount given so there may not be sufficient funds to halt the working capital shortage.

In evaluation, the wholesaler should first try to secure monies owed by retailers. If they refuse, they may need to think about not supplying those retailers again and pursue legal routes to reclaim the money. The wholesaler, in this event, may be left with no alternative but to obtain an overdraft but should try pay it back as soon as possible to mitigate any interest to be paid.'

COMMERCE

Paper 7100/22
Written

Key messages

Below are some general suggestions to help candidates succeed 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 register both the general focus of questions, and also the level of detail required.
- Look for the important words in each question, e.g., command words such as explain or describe and key words such as suitable or best.
- Show working out in any calculation questions.
- Revise all areas of the syllabus.
- Candidates should learn succinct and accurate commercial definitions.
- Answers to 6 and 8-mark questions should always be developed with examples and/or application. Candidates should note assessment objective AO4 on these questions account for 2 marks. Therefore, the absence of a conclusion/evaluative judgement restricts the maximum mark they can achieve on these questions. 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 students who coped well with the demands of the five questions. It discriminated well and there was no evidence of time pressure. The examination showed the importance of a consistent performance across the questions. The paper provides a broad coverage of the specification and therefore a clear understanding of the entire specification is essential for success.

All candidates had difficulty in answering **Questions 1(e) and 2(c)**, where many candidates found it difficult to gain good marks on the topics of overseas agents and factors affecting air transport. 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 to 'State **three** services offered by a freight forwarder.' 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 a small cinema with 200 seats. For example, **Question 3(a)** asked candidates to 'Calculate the weekly sales revenue' of the cinema. 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 4(c)(i)** asked candidates to 'Explain how warehousing might assist Celine to stabilise the price of her apples.' 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 5(b)** asked candidates 'Do you think an online payment by debit card is the best way for TT Wholesalers to make this payment?' 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 'Explain **two** reasons why countries use shipping containers to import food.' Some candidates gave one or three reasons. 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) Many candidates were able to correctly identify that banking was the tertiary import activity in Fig. 1.1.
- (ii) 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) This proved to be a well-answered question. Most candidates could explain two reasons why countries use shipping containers to import food. Marks were sometimes not achieved by candidates who did not explain their reasons. A good example is seen below:
- 'Containers use refrigeration for perishable food items so that they do not deteriorate. The food in containers is kept securely locked so is protected from problems such as damage or theft.'*
- (c) Centres should note that a question beginning with the command words 'Should this', 'Do you think' or 'Do you agree' means that the reasoning can be on either side as long as it is justified. The best answers recognised that there would be pros and cons to importers using email, rather than telephone to contact the exporter. Many candidates thought, as it was a matter of some urgency, that telephone provided a more immediate communication for the importer. Weaker answers did not apply their answers to the context of the question.
- (d) Many candidates were able to circle the correct conclusion to each sentence: one circle for each sentence.
- (e) Many candidates had difficulty answering this question. The best answers produced a well-argued answer, with relevant supporting evidence, on the benefits of using an overseas agent to exporters with a developed evaluation. However, many candidates failed to produce relevant evidence and tended to discuss general knowledge points relating to overseas agents, without analysis.

Question 2

- (a) (i) Many candidates gave two relevant informative examples from Fig. 2.1. There were no marks for examples that contained a mix of informative and persuasive examples.
- (ii) Although many candidates could provide one way that the advertisement in Fig. 2.1 could be made more persuasive, some candidates did not explain the way. For example, if they had mentioned that the advertisement could be made more persuasive by including competitive freight rates they could have explained their way with an example, such as \$300 for any sized container.

- (b) It was surprising that many candidates gave transport related answers when the question specifically stated 'other than transport services' when stating the three freight forwarder services. Warehousing and packaging were popular correct services.
- (c) This question was not answered as well as expected. It asked for a consideration of two factors, apart from security, that a business sending medical supplies should consider when deciding to use air transport. Consideration of factors such as cost and distance, for example, were expected with supporting analysis and evaluation to produce a good answer. Some candidates, in fact, wrote about security as a factor when they were clearly informed in the question stem not to. Nonetheless many candidates could identify two relevant factors, but they often found difficulty in clearly analysing or applying these factors to the context. Moreover, many answers did not supply an evaluation of the two factors to make a judgement on which factor was the most important. This prevented them from being able to access Level 3 in the level mark scheme. An example of a good answer is seen below:

'Air transport is used to fly a wide range of goods around the world, including medical supplies that might be supplying emergency aid, when say there had been severe floods affecting people's lives.'

Two factors that need to be considered when this business uses air transport are:

- 1 Speed – planes can take the shortest routes and there are no physical barriers such as mountains. It can deliver goods much quicker than other transport methods, such as sea transport. As there are fewer delays with air transport, the medical supplies could arrive much more quickly to help in an emergency such as war.*
- 2 Cost – air transport is expensive as the cost of manufacturing planes and operating costs, such as fuel is high. This will increase the costs for this business, so they need to ensure that the medical supplies are valuable enough to make the journey profitable.*

In evaluation, the business would normally choose a low-cost factor, but much will depend upon whether the medical supplies are needed urgently or not. If they are, then speed is the most important factor as long as the plane has enough capacity for the medical supplies to be carried.'

Question 3

- (a) There was a high proportion of correctly calculated answers to this question. Many candidates gave \$7560 as the correct answer. A minority of candidates did not gain one mark by not multiplying their total figure by 14 or \$6.
- (b) There were many valid sales promotion methods suggested to increase Wesley's cinema bookings. However, a minority of candidates gave incorrect advertising methods instead.
- (c) Creditworthy answers included the reason that Wesley would have less cash handling which meant that there would be a reduced risk of theft. Other relevant answers included the fact that he should accept cash as it is legal tender and should be accepted anywhere. Weaker responses lacked explanation of relevant points. A good answer is seen below:
- 'I do not think it is a good idea for Wesley not to accept payment by cash, even though it might be quicker for people to pay online for their tickets and not queue up at the ticket office. The tickets are quite cheap at \$6, and some customers would prefer to pay cash for this transaction. Also, teenagers, who make up a good percentage of cinema customers, may not have credit or debit cards to pay for the tickets. This would mean that Wesley, by refusing these customers, could lose customers and sales revenue.'*
- (d) This question proved challenging for many candidates. Many answers could only describe one or two advantages and disadvantages of credit cards but often did not analyse or evaluate them. As an evaluation, candidates needed to weigh up the advantages and disadvantages and then make a judgement on which they judged as most important. For example, they might have said that advantages outweigh the disadvantages. For instance, credit cards allow you to spend money on goods or services, such as cinema tickets, that might not be able to afford with immediate cash. This gives customers the ability to own goods or services that you want sooner, rather than later, before the prices have increased.

Question 4

- (a) (i) Many candidates were unable to identify the proposal form in Stage 2 of Fig. 4.1. Some confused this insurance document with a policy form or some candidates simply stated it was an insurance form.
- (ii) Many candidates did identify Celine as the insured from Fig. 4.1.
- (b) Good answers identified and explained two different reasons why Celine should insure her business. Weaker answers often only identified reasons without adequate supporting explanation. An example of a good answer is seen below:

'Celine needs to have insurance in her business in case there is a fire in her warehouse. If that occurs, she can then gain compensation from the insurance company to minimise this loss and return to her previous position.'

By having insurance, Celine will have more confidence to take investment decisions as she knows that her firm will be covered by risks such as public liability.'

- (c) (i) Some candidates wrote about the effect of being able to store apples in the warehouse, with little reference to how it might assist Celine to stabilise the price of apples.
- (ii) It was only the best answers that recognised that warehousing assists seasonal demand by storing apples enabling them to be sold out of season when there is no production. Weaker answers often repeated the words 'to satisfy the demand for apples,' without showing understanding.
- (d) It was clear that many candidates had sound knowledge and understanding of both street market stalls and local supermarkets as options for Celine to sell her apples. Many candidates suggested street market stalls would be best as the start-up costs would be low and that she could have personal face-to-face contact with her customers. Other candidates explained the merits of using a local supermarket as they would buy in bulk so that it would be easier for Celine to deal with one large customer rather than a number of small market customers. The strongest answers explained and analysed advantages and disadvantages of both options with a supported recommendation based on the context and arguments presented.

Weaker answers described the two options without analysing or making an evaluated recommendation on which is the preferred option. Some of these answers also incorrectly thought that Celine would be purchasing the local supermarket, instead of selling her apples there.

Question 5

- (a) (i) Many candidates identified the letters 'Ltd' as meaning limited in a company name.
- (ii) Candidates found this difficult to score the maximum two marks. The term 'cash discount' was often misinterpreted as a payment in cash and 'trade discount' as prompt payment. Please refer to the published mark scheme for the range of acceptable differences.
- (b) In answering this question, candidates had to decide whether an online payment by debit card was the best way for TT Wholesalers to make their payment. The best answers justified their reasoning with developed explanation. Weaker answers identified one or two points without applying, or developing, their answers. A good example is below:

'Yes, paying by a debit card would be the best way for TT Wholesalers to make this payment as would mean that the money was transferred immediately. There would be no interest to pay on a credit card and this would save time instead of paying by cash or cheque. Of course, TT Wholesalers would need the amount of money in their account to pay by debit card in the first place.'

- (c) This True and False question on banking services produced a range of marks from zero to three with the third statement being the least well answered.

- (d) The strongest answers explained and analysed both options, namely hire purchase and retained earnings to finance more machinery with a justified recommendation based on the context and arguments presented. Weaker answers described one or two of the options without analysis or a justified recommendation. A good example is below:

'Hire purchase is a system of credit whereby, as in this case, Shoeeee would hire the machinery but does not own the machinery until the last payment is made. Shoeeee is then able to use the machinery which otherwise might have been unaffordable. However, if Shoeeee defaults on the regular payments the machinery can be repossessed.

Retained earnings is a readily available source of finance as it is Shoeeee's own money. It can be used for investment in a business, with Shoeeee having complete control on how it should be used. An important point is that it does not have to be repaid and is cheaper than using other sources as there is no interest charged. However, new machinery might be a large amount and the business might not have sufficient retained earnings for this purpose.

In conclusion, hire purchase is recommended as this business needs the finance for a specific purpose, that is, the fixed asset of machinery. This means that Shoeeee, if the retained earnings are insufficient, will be able to access the total cost of the machines and can pay it back over a longer period of time at a fixed interest rate taking pressure off the business.'