

IGCSE

Edexcel IGCSE

Commerce (4340)

Summer 2006

Examiners' Report

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4340 / 1F - 2H: Written Paper (Foundation and Higher)

General Comments

This was the first IGCSE Commerce examination. The overall performance of candidates in this examination was encouraging. The overall marks and level of achievement for paper 2H was much higher than paper 1F. The marks for paper 1F were slightly disappointing. Nevertheless, centres appear to be selecting and entering candidates for the appropriate Tier.

Candidates coped well with the use of the question paper as answer book. There were not many occasions where candidates used space in addition to the answer lines, in order to complete their answers. Centres are again encouraged to work with their candidates to ensure that (most) answers are limited to these answer lines, the number of lines being a good indicator of the expected length of answer. The standard of written communication was generally good, and sometimes excellent.

The majority of candidates did not always answer at the appropriate level of skill. IGCSE examinations measure a far wider range of skills than recall.

The Mark Scheme contains much information that is relevant to centres, as follows.

Each question indicates the level(s) at which it is based:

- AO 1 Demonstrate - this Assessment Objective tests candidates on their ability to demonstrate their knowledge and understanding of the commercial term, idea or concept featured in the question. For example, Paper 1F Question 2 (b)(i) asks candidates 'List three services provided by coffee manufacturers'. Command words such as 'Define', 'Describe', 'Name', 'List', 'State' and 'What is . . . ?' confirm the question is at this level.
- AO2 Apply - this Assessment Objective tests candidates' ability to relate their answer to the context. In this Series, candidates were required to use the information given about a bank statement. For example, Paper 1F Question 1 (b) required candidates to show the relevant information/figures from the bank statement provided. Command words such as 'What was' and 'Give [an example in context]' confirm the question is at this level.
- AO3 Analyse - this Assessment Objective requires candidates to select, interpret or otherwise analyse some issue presented by the question. For example, Paper 2H Question 2 (c)(i) asked candidates to analyse the differences between the two shops. Command words such as 'Analyse', 'Compare' and 'Select' confirm the question is at this level.
- AO4 Evaluate - this most demanding Assessment Objective tests candidates on their ability to formulate some judgements. For example, Paper 2H Question 2 (c)(ii) expected candidates to suggest why there are differences between the two shops. Command words such as 'Evaluate', 'Explain why', 'Judge' and 'Suggest' confirm the question is at this level.

Possible answers are provided as indicators of what is expected. It remains important for Centres to realise that the answers given in the Mark Scheme are **not** meant to be exhaustive. This is confirmed by the use of the statement 'Valid points could include', and by the use of the abbreviation 'eg'.

The possible answers are structured using dashes and obliques ('slashes'). It remains the practice in this examination to use a dash in order to separate points that are worth **additional** marks, and an oblique to indicate an **alternative** way of making the same point.

4340/1F - Foundation Paper

Question 1

Part (a) was generally well answered. Many candidates achieved at least two of the five marks available, and some obtained maximum marks.

Part (b) was also generally satisfactorily answered, although parts (iii) and (iv) on account balances proved to be challenging for many of the candidates. Part (v) on the benefits of using credit transfer was not as well known as expected.

Part (c) required candidates to apply their knowledge given on the bank statement. Weaker candidates often could not provide the second mark for part (iii). For example, apart from the cheque not been deposited they could have mentioned the delay in clearing the cheque. The other parts were generally well attempted.

Most candidates obtained both marks for (d)(i) and the one mark for (d)(ii). However, the two items required to use the cash dispenser, namely debit card and PIN, caused difficulty.

Part (e) was not well answered. Given the importance of the internet in the world of commerce, it was disappointing to see so many vague and general answers that prevented many good scores to this question. Centres are encouraged to study carefully the implications of the internet on the commercial world.

Question 2

The part (a) question focussed on the chain of production and asked candidates to identify the missing difficulties and aids to trade from a diagram on the chain of production. Relevant examples were supplied but few candidates could then link any of the correct answers. Parts (ii) and (iii) were better answered. Most candidates were only able to score one out of three marks available for part (iv).

In part (b) candidates should have been able to score at least three marks out of six. However, apart from breaking bulk many of the answers lacked precision or real knowledge of the wholesaling services to manufacturers and retailers.

The vast majority of candidates to part (c) gained very few marks for assessing the role of wholesale warehouses in the chain of production. Most candidates knew that warehouses were important for storage but had little knowledge after making that point. In addition, it is important to point out that this was an AO4 evaluation question where to the command word 'Assess' the candidates were expected to provide a balanced answer with at least on disadvantage and a conclusion.

Part (d) often generated some sound answers, with candidates realising the need to keep some back up stock on their premises so as to obtain stock quickly.

Question 3 - Foundation Tier (4340/1F) / Question 1 - Higher Tier (4340/2H)

In part (a) Foundation Tier candidates demonstrated a lack of knowledge on the topic of insurance. For example, very few candidates knew the correct answer of 'proposal form' to part (a)(i). Higher Tier candidates performed reasonably well. For example, to part (iii) one candidate wrote to the meaning of utmost good faith as follows: "This means that John must honestly (1 mark) disclose all the information about the grocery store (1 mark). This will enable the insurance company to make an accurate assessment (1 mark)".

Part (b) produced many good answers from Higher Tier candidates, with Foundation Tier candidates finding it difficult generally to score marks. Most Foundation Tier candidates were only able to score one out of the allocated five marks for the meaning of insurable risks. They could give a valid example but could not then explain the concept. For example, one excellent answer from a Higher Tier candidate considered the need for calculation from past records to enable a suitable premium to be set using theft as an example.

There was some knowledge of the principle of insurable interest to part (c)(i) by the stronger Higher Tier candidates. Many Foundation Tier candidates thought incorrectly that the situation required the use of utmost good faith. In part (c)(ii) the compensation needed to was £30 000 because insurance is based on the fact that you cannot make a profit from a loss but must be restored back to the amount that the property was insured for.

4340/2H - Higher Paper

For comments on Higher Paper Question 1, see comments on Foundation Paper Question 3 above.

Question 2

Part (a) was often well answered, with many candidates scoring four marks from the six marks available. The second answer to Building Society was not well known. Furthermore, it was not sufficient to say 'limited company' to the first and fourth questions. It was necessary to state public limited and private limited.

The three parts to (b) were not well answered. Centres are strongly advised to spend more attention to business calculations to enable their candidates to be more successful when answering finance questions. In parts (i) and (iii) there was a tendency to confuse gross profit with net profit and vice versa. In part (iii) the formulae for rate of turnover was generally not well known.

Part (c)(i) was also weakly answered by many. Only the stronger candidates were able to analyse and comment on each of the financial differences required. Weaker candidates simply said that "A had higher sales than B but B makes more profit" for a total of two marks out of a possible nine marks. In part (c)(ii) the differences on profit margins and expenses were not given by most candidates.

Question 3

Candidates were expected to use the skills of analysis and evaluation - in this Paper when answering parts (a)(ii), (c) and (d).

Part (a)(i) and (ii) was generally very well answered. Most candidates knew that consumers buy small quantities of goods from retailers and that wholesalers break bulk when selling goods to retailers.

The topic of mail order had clearly been well taught in centres with many full and detailed descriptions on the operation of a mail order business provided.

Part (c) was also targeted at AO3 Analysis and AO4 Evaluation. The stronger answers developed the reasons given with appropriate examples or suitable application of content. For example, in part (c)(i) better candidates wrote that road transport was more flexible as there are no rigid timetables to follow compared to when using rail transport. Again, in part (c)(ii) better candidates stated that since there is a shorter travelling time, insurance costs are lower as there is greater protection in transit. It is important for candidates to realise that they must apply and develop their answers when asked to do so.

Question 4

In part (a)(i) if candidates had correctly identified radio as the smallest medium the correct percentage was usually accurately applied. There were some good answers to part (ii) with many candidates realising that television advertising has wider audiences and greater effectiveness than direct mail advertising.

In part (b)(i) and (ii) candidates normally chose suitable media to advertise the two products given. However, their discussion of why these media was utilised often lacked the range and development of points needed to score good marks.

In part (c) candidates were asked through the command word 'to what extent' to evaluate their answers, that is, with points for and against with a conclusion. This question differentiated well. Weaker candidates either concentrated on points for or limited their answers to simple undeveloped points. Stronger answers looked at both sides in a developed way and submitted a conclusion.

4340 / 03 - Written Alternative

General Comments

This was the first examination in this subject. The overall performance of candidates was inconsistent. The mean mark for paper 3 was 17.8 and there was a range of answers from a disappointing 2 to an excellent 39.

Candidates coped well with the commercial case study, which was received six weeks before the examination, and the stimulus material provided in the exam.

There was no evidence that 1 hour and 10 minutes was insufficient time for students to complete the assessment tasks. Most candidates answered in the spaces provided and very few needed extra paper.

This paper was heavily weighted towards AO3 (selection, organisation and analysis of information) and AO4 (evaluation, reasoned judgement and appropriate conclusions). It is an alternative to coursework component 4 and thus covers similar skills. These higher level skills were tested in Questions 3, 4 and 5.

Question 1

This required candidates to demonstrate basic knowledge which could be taken from the scenario, ie whether Paul should give up his job to run the business. However, many candidates made a decision here rather than setting out the alternatives.

Question 2

Part (a) was very weakly answered for a 'knowledge' question, particularly in part (ii) where hardly any candidate correctly identified 'commercial service'.

In part (b)(i) candidates needed to identify Paul's income from the scenario and convert it from 'weekly' to 'annual' amount. A common mistake was to just give weekly income, indicating that candidates did not read the question carefully enough. Part (b)(ii) in this subsection was well answered.

In part (c)(i) and (ii) the candidates were required to find the correct information from Source B (Trading and Profit and Loss accounts). This proved difficult for most apart from the strongest candidates, mainly because the question did not give a specific directive to that Source. Part (iii) required some simple evaluations about wages such as its increase, its impact on profits and its potential as a problem for the business. Unfortunately, very few candidates were able to provide worthwhile judgements about the General Stores' wages.

Question 3

The idea behind this question was for candidates to apply knowledge, theories and concepts (AO2) to the alternatives of being a sole trader or an employee, as well as analysing and interpreting relevant information (AO3) provided in the sources.

Most candidates were able to accurately identify and explain at least one advantage and one disadvantage for each of the alternatives. Some wrote extensively and effectively applied the finance information, thereby gaining high marks. Others concentrated on the sole trader aspect and this one-sided answer limited their marks.

Question 4

This question also sought AO2 and AO3 skills but in a numerical context.

This question proved to be very difficult. Many candidates were capable of making the correct calculations but did not analyse them. Typically, candidates did not compare the statistics and also did not look at the possible reasons for the changes which they had identified.

Common errors were to calculate the rate of stock instead of turnover, consider absolute changes rather than percentage changes, and put wrong denominators in the ROCE formula.

Question 5

A reasoned judgement and conclusion (AO5) was sought in the final question, with the intention being that candidates would synthesise the evidence.

For example, a basic statement that "the business is profitable" could be backed up with evidence of "£27 100 gross profit in 2005", which then could be expanded into an argument that "this is part of an upward trend and a good reason for Paul to takeover the business". In contrast, a converse line of argument might have linked the advantages of Paul's present job compared to the risks of taking over the business.

Candidates were asked to make a recommendation and pleasingly nearly all candidates made a decision and could back it with a reason(s). However, there was a tendency to examine general reasons, such as the advantages of self employment, rather than to consider the specific business of Norman's and its profitability, despite the prompt of question 4. Unfortunately, some candidates thought that a good approach was to copy out sentences from the stimulus material.

4340 Statistics

Option 1 : Written Paper 1F with Written Alternative (Paper 03)

	A*	A	B	C	D	E	F	G
Foundation Tier				49	42	35	28	21

Option 3 : Written Paper 2H with Written Alternative (Paper 03)

	A*	A	B	C	D	E	F	G
Higher Tier	78	68	58	49	39	34		

Note: Grade boundaries may vary from year to year and from subject to subject, depending on the demands of the question paper.

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