

Edexcel International
London Examinations
GCE Ordinary Level

Mark Scheme with Examiners' Report

**London Examinations Ordinary Level GCE in
Commerce (7100)**

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COMMERCE 7100, MARK SCHEME

Question 1

- (a) Identify four key features of such a shopping centre.
- (b) There are objections to this new centre being built.
- (i) Explain two reasons why town centre retailers might object to this new centre being built.
- (ii) Explain two additional reasons why the local council might also oppose this development.
- (c) Explain the disadvantages that such a shopping centre could have for consumers.

Mark Scheme

- (a) Key features:
Wide range of goods available
Choice of different shops
Good car parking facilities
No charge for car parking
Easy access from shops to car
Good road access
Other facilities available, e.g. petrol, play areas, security, toilets
1 mark for each of four key features **(4)**
- (b) There are objections to this new centre being built.
- (i) Reasons why town centre retailers might object:
Fewer customers – loss of sales
Loss of trade to new centre – where competing stores
More competition – forcing prices down (discounting)
Effect on profits – inability to cover high rates / rents
1 mark per point plus **1 mark** for development of each **(4)**
- (ii) Local council opposition (additional):
Could cause town-centre shop closures – lower rate income
Possible knock-on effects – general deterioration of centre
Pressure on access roads for new centre – congestion
Damage to environment – urban spread
Alternative use for land – e.g. Housing
1 mark per point plus **1 mark** for development of each **(4)**
- (c) Shopping centre disadvantages to consumers:
eg need to use a car – not available to everyone – cost of travel – some cannot drive
eg may not have as large a range of goods as town centre -
may need to shop elsewhere also – extra cost / time
eg traffic congestion – pollution/noise
1 mark for one disadvantage plus **3 marks** for 3 points of explanation **(8)**

Total mark 20

Question 2

The net turnover of a retail business is £1 000 000 in a given year.

- (a) Define 'net turnover'.
- (b) What other information would be needed in order to be able to calculate the net profit of the business?
- (c) If the business is owned by a company, what differences would there be in the way in which profit was distributed compared with a business owned by a sole proprietor?
- (d) If the net profit for the year is £75 000, what is the percentage return on turnover? (You are advised to show all your workings.)

Mark Scheme

(a) **Net turnover**

Value of sales (minus returns) (3)

(b) **Information to calculate net profit**

Cost of the goods sold – buying-in price
(Need to adjust purchases by stock change)
Carriage inwards cost – add to purchases
Gross profit as difference between cost and selling price
Level of operating expenses, e.g. wages, rent, lighting
Expenses to be deducted from gross profit to give net profit

1 mark per point plus 1 mark for explanation of each (8)

(c) **Company / sole proprietor profit distribution**

Company may pay shareholders a dividend
Preference shareholders first – ordinary second
Company directors may decide to put some / all profit to reserves (plough back)
Sole proprietor can take all profit for personal use
Sole proprietor may decide to retain some profit in business.

1 mark per point plus 1 mark for explanation (6)

(d) **Percentage return on turnover**

$$\frac{\pounds 75\,000}{\pounds 1\,000\,000} \times 100 = 7.5\%$$

Max. 2 marks for correct workings; 3 marks for correct answer (3)

Total mark 20

Question 3

- (a) What is the meaning of the phrase 'chain of production'?
- (b) Describe the chain of production for a wooden chair.
- (c) With the aid of examples, explain how 'value is added' at each stage of production of the chair.

Mark Scheme

(a) **Chain of production**

Various stages through which a product passes until complete
Starts at primary stage and ends when received by consumer
1 mark per point of explanation

(4)

(b) **Chain for wooden chair**

Begins in forest – trees need to be cut down
Timber transported – to saw mill
Sawn timber – may be kept by wholesale merchant
Sawn timber transported – to chair manufacturer
Manufacturer stores the timber – in yard / warehouse until needed
Manufacturer (secondary) makes chair – sells to wholesaler or retailer
Wholesaler stores chair – in warehouse till ordered
Sent to retailer – displays chair until bought by consumer
Insurance covers risks along chain – example of risk
Banking provides means of payment – example of method
Advertising helps contact between those in chain – example of advertising medium
Transport provides physical transfer between stages – example

1 mark for each stage identified,
plus **1 mark** for explanation (max 6)
1 mark for each commercial service identified,
plus **1 mark** for explanation (max 4)

(10)

(c) **Value – added**

Work is put into each stage (inputs) – has to be paid for
Costs added at each stage – including profit
Product has more use (utility) – as it goes through each stage
Example – sawn timber worth more than timber in forest
Example – chair in shop is worth more to consumer than chair in manufacturer's warehouse

1 mark per point plus **1 mark** for development of each

(6)

Total mark 20

Question 4

Newspapers and television are two important forms (types) of media used by advertisers.

- (a) (i) Define the term 'media'.
- (ii) Give **two** examples of forms (types) of media other than newspapers and television.
- (b) Explain **two** advantages that newspapers have over television as an advertising medium.
- (c) Explain **two** advantages that television has over newspapers as an advertising medium.
- (d) How are consumers protected from false and misleading advertising in newspapers and on television?

Mark Scheme

(a) **Media / Examples**

- (i) Channels (modes/methods) of communication – through which organisations can reach consumers (the public)
- (ii) Other examples – radio, magazines, posters, mail, cinemas, transport, telephones, internet/email

2 marks for a good definition; **1 mark** for partial
1 mark for each of two examples

(4)

(b) **Newspaper advantages**

Cheaper – for each advertisement
Cheaper to purchase than TV – for people who cannot afford TV
Permanent copy – can be kept / referred to later/passed on
More detail – more informative than persuasive
Different groups – targeted through different newspapers

1 mark per point plus **1 mark** for development of each

(4)

(c) **Television advantages**

Full range of colour – more “attractive”
Combines sound and vision – more effective
Provides movement – shows products being used
Choice of time slots – e.g. children’s programmes
Frequent repetition possible – greater impact on memory
Can reach less literate – no need to read ads.
Wider immediate coverage – satellites

1 mark per point plus **1 mark** for development of each

(4)

- (d) Consumer protection
Trade Descriptions Act – outlaws false / misleading ads.
Consumer Credit Act – both cash and credit prices to be given.
– true interest rate (APR) must be stated
Weights and Measures Acts – incorrect weights shown
Press Council – ensures that editors maintain proper standards
Editors – checks on paper content
Code of Television Advertising – ads can be refused
Tobacco advertising – banned on TV, warnings required in press
Code of Advertising Practice (ASA) – receives / investigates complaints
Code of Advertising Practice (ASA) – sets standards (legal, decent, honest and truthful)
Consumers' Protection Association – may criticise some forms of advertisement
Mail Order Protection Scheme (MOPS) – refunds where problems arise

1 mark per point plus **1 mark** for development of each **(8)**

Total mark 20

Question 5

- (a) What are the main features of a bank current account when compared with a deposit account?
(b) Using four examples of current account services, explain how they help businesses to operate efficiently.

Mark Scheme

- (a) Current account cf. deposit account
Always instant access – deposit may need notice
For everyday use – for savings
Cheque book provided – deposit needs cash to be drawn (pass book)
No (low) interest paid on balances – deposit receives interest
Service charge possible – no charge for savings transactions
Overdraft can be obtained – deposit drawn only up to value
Direct debits / standing orders can be paid out – not available with deposit account
Credit transfers can be made – cannot use deposit account for this as no cheques
1 mark per point plus **1 mark** for development of **each** **(8)**
- (b) Current account services (4)
N.B. no marks for naming services – points must explain how businesses are helped

E.g. Cheques allow payments to creditors – no need to use cash
Safe to post with invoice copy – no need to have Special Delivery
Debt paid out of account by bank – paid into creditor's account
Record of payment in bank accounts – no need to have receipt
E.g. Direct debits allow creditors to take payment from account – no need to action payment
Avoids need to remember – saves staff time
Irregular amounts can be taken out – not fixed as standing orders
Can also be at irregular intervals – can be used for paying invoices from another business

(Also allow marks for explaining benefits of standing orders, credit transfers, overdrafts, cheque cards, night safes, ATMs, statements)

1 mark for each point of explanation and **1 mark** for each point of development for each of four services (**4 x 3 marks**) **(12)**

Total mark 20

Question 6

- (a) Name one produce market and one commodity exchange which operate in London.
- (b) Explain the meaning of the following terms which are used in produce markets and commodity exchanges:
- (i) grading;
 - (ii) auctions;
 - (iii) brokers;
 - (iv) futures.
- (c) 'A market does not have to be a place, but can operate remotely through electronic trading.'
Explain the meaning of this statement.

Mark Scheme

- (a) Produce market / commodity exchange
E.g. London Commodity Exchange, Billingsgate, Baltic Exchange, Smithfield, London Metal Exchange
- 1 mark** for one produce market name and **1 mark** for one commodity market name **(2)**
- (b) (i) Grading
Some commodities can be accurately graded according to quality
Deals can take place based on these grades without buyers needing to sell the commodity
Examples: cotton, wheat, coffee (1 only)
- 1 mark** per point of definition; **1 mark** for one example **(3)**
- (ii) Auctions
Sample lots available for viewing – for commodities which cannot be graded
Auctions held at intervals – at the relevant exchange
Brokers / dealers bid on floor – highest bidder wins
Examples: wool, tea (1 only)
- 1 mark** per point of definition; **1 mark** for one example **(3)**

- (iii) Brokers
Deal on behalf of others (principals) – buying or selling
Receive commission - % of value of transactions completed.
Carry out bidding at auctions – no ownership of goods bought
- 1 mark** per point of definition **(3)**
- (iv) Futures
Commodities bought / sold now at agreed price for future delivery
Can only apply to commodities which can be graded – not seen
Some transactions may not be for delivery – only for hedging
- 1 mark** per point of definition **(3)**
- (c) Physical / electronic markets
Can be in place where buyers / sellers meet physically
Examples – retail stores, open-air markets, wholesale warehouses
Can be operated via computers and communication links without any physical or oral contact (e-commerce)
Examples – internet buying, foreign exchange market, electronic share trading
- 2 marks** for good explanation of “physical” market; **1 mark** for partial
2 marks for good explanation of “virtual” market; **1 mark** for partial
1 mark for one example of each type of market **(6)**

Total mark 20

Question 7

Businesses use postal, telephone and fax services to communicate with each other.

- (a) Briefly distinguish between these three communication services.
- (b) Identify and explain one advantage which
 - (i) the post has over the telephone and fax
 - (ii) the telephone has over the post and fax
 - (iii) the fax has over the telephone and post.
- (c) Why has the use of e-mail increased rapidly over the past few years?

Mark Scheme

- (a) Post, telephone, fax differences
Post – physical delivery of letters/packages (mail) by the Post Office
Telephone – transmission by sound (voice/speech) using wire links – number dialling
Fax – transmission of written material by telephone links – fax machine needed
2 marks for two points of difference for each (2 x 3) **(6)**
- (b) Advantage of each over others (3)
 - (i) **Post** – can deliver bulk quantities of written / printed material at a (very) low cost
 - can deliver legal documents requiring signatures (as originals)
 - no special equipment needed
 - (ii) **Telephone** – allows immediate contact – worldwide
 - allows instant interaction – discussion possible
 - messages can be left if person not there – answering machines
 - (iii) **Fax** – allows printed communication – almost instant
 - exact copy available without waiting – less chance of error than spoken word

1 mark for identifying one advantage of each,
plus **2 marks** for two points of explanation for each **(9)**
- (c) Reasons for e-mail increase
Increased availability of computers – common to many homes
Development of the internet services – providers
Ease of messaging from home / office – very fast
Attachments possible – full documents
No cost for individual e-mails – cheap method
Provides printed copy – easy to reply
Allows easy storage – automatically filed
Multi-mailing possible – many recipients at once
1 mark per point plus **1 mark** for development of each **(5)**

Total mark 20

Question 8

- (a) Using named examples, explain three main differences between the private sector and the public sector of the economy.
- (b) Why do governments believe that some goods and services should be provided by the public sector?
- (a) What are the arguments in favour of production by the private sector of the economy?

Mark Scheme

- (a) Private / public sector differences (3)
Private – owned by individuals: public – by State
Private – funded by individuals: public – by Treasury
Profits from private belong to individuals; profits from public go to Exchequer
Private – profit driven; public – service driven
Any losses from private have to be borne by individuals; losses from public borne by taxpayer ultimately
Private sector controlled by shareholders, sole proprietors, etc; public by Boards appointed by Ministers
Examples: private sector – BP, Barclays;
public sector – BBC, Post Office
2 marks per point of difference explained on both sides **(9)**
- (b) Reasons for public sector provision (allow foreign examples)
Essential goods / services, e.g. armed forces, NATS
Goods / services requiring “safety”, e.g. atomic energy, rail
Services of national importance, e.g. BBC, planning authorities
Risk of monopoly abuse in private hands – exploitation
Control of economy – maintenance of employment
Other possible examples: education, Bank of England, ECGD, Customs and Excise, Companies House (allow rail, seaports, electricity, gas, water in non-UK environments)
1 mark per point plus **1 mark** for development/example of each **(6)**
- (c) Arguments for private sector
Public control stifles enterprise – control too rigid
No profit motive – no incentive to develop / take risk
Greater competition – increased efficiency to survive
Greater efficiency – “own” money being used
Improved quality of output – plus lower prices
Market determines quantity and type of output – less waste (flexibility)
Greater choice of products – freedom to select
Government costs reduced – can focus on social / political issues
Losses do not fall on taxpayer – borne by private owners
1 mark per point plus **1 mark** for development of each **(5)**

Total mark 20

Question 9

You are buying and furnishing a new house in which to live.

- (a) Describe the types of risk covered by house and contents insurance.
- (b) Describe one way in which you could obtain such insurance.
- (c) Identify one risk to house and contents for which you might not be able to obtain insurance cover, and explain why.
- (d) Explain one other type of insurance which you might take out in addition to those covering your house and contents.

Mark Scheme

- (a) House / contents insurance
House – fire, flood, storm, lightening, earthquakes, explosion, public liability
Contents – theft, accidental damage, power failure

1 mark for each of up to 4 types of insurance cover,
plus **2 marks** maximum for description of each one **(8)**
- (b) Way of obtaining insurance (1)
E.g. direct to insurance company, via broker, via Lloyd's, via agents such as
building society / bank
Direct visit to offices, by post, by telephone, by internet

1 mark for identifying one way plus **3 marks** for three points of explanation **(4)**
- (c) Uninsurable risk (1)
E.g. war damage, radiation damage, subsidence, flood, terrorism
Reasons: very high risk, incalculable risk, poor record

1 mark for one relevant risk, plus **3 marks** for three points of explanation why **(4)**
- (d) Other insurance (1)
E.g. life, endowment, car, travel, sickness, redundancy (allow types of business
insurance here, e.g. employer's liability)
1 mark for one relevant form of insurance,
plus **3 marks** for three points of explanation **(4)**

Total mark 20

COMMERCE 7100, CHIEF EXAMINER'S REPORT

General Comments

The performance of candidates in this examination was similar to that in January 2003 and there was a wide spread of candidates' marks, from below 5 per cent to over 90 per cent.

An encouraging feature of the examination was that many Grade A candidates were able to produce very good answers to all five questions chosen, rather than a mix of excellent to mediocre answers. At the other end of the scale, it was also encouraging that many Grade E candidates were able to produce at least one good answer out of the five chosen, although they were let down by weak answers to one or two questions. This suggests that they had the ability to improve by at least one or two grades, if they prepared better for the examination, and this view is supported by the quality of their written language.

Even though individual candidates had not always prepared a sufficient range of topics from the syllabus content, candidates overall chose a broad range of questions from the nine available, with the exception of Question 6, which was very unpopular. Also, very few candidates failed to attempt all of the required five questions.

The general standard of English continued to be high, with many candidates' expression, grammar and spelling being very impressive, whether English was their first or second language. Also, only a small proportion of candidates found their ability in written English a barrier to good performance. The most important criterion for examiners is that they can understand what a candidate is trying to state, rather than the level of accuracy in the language itself. The following were broad weaknesses across many centres:

1. Candidates are not fully aware of the meaning of key/command words in questions. The following are examples from this year's paper:
 - Question 1(a) asked candidates to **identify** four key features. Only four very brief one-line statements were needed, but some candidates went into considerable detail for only four marks maximum.
 - Question 4(a)(ii) required two examples of forms of media to be **given**, e.g. radio, internet, for only two marks, but many candidates described in detail the two they gave.
 - Question 4(d) asked **how** consumers are protected from false and misleading advertising, and not what they need to be protected against, which was given in the question wording.
 - Question 7(c) asked **why** e-mail had increased rapidly in use over the past few years and not **how** it had increased. Details of procedures were not therefore required as such unless they helped to explain **why**.

Not only do candidates not score any marks for such responses, they could use their time to improve answers to other questions and score higher marks.

2. When asked to identify differences between two things, e.g. types of organisation, service or process, candidates should avoid repeating the same point in the negative, for example in Question 8(a) "*private sector organisations seek to make profits while public sector organisations do not seek to make profits*" (1 mark only). Some different response or development is needed for the second mark, for example "*public sector bodies primarily seek to provide a public service*".

3. Candidates must learn the difference between showing knowledge and understanding and applying it to particular situations. Often one gets the impression in answers that candidates could apply their knowledge, but do not understand what they are being asked to do. Question 5(b) is a good example of this, where candidates tended to give the features of current account services rather than saying how they helped businesses to be more efficient as asked, often simply repeating points given in part (a).

Candidates need to realise that if they find themselves repeating points in different parts of a question, they must not be answering the question correctly.

4. Candidates must be able to define, or briefly give the meaning of, commercial terms or phrases. When using these in preparation for their examination, students need to ask themselves whether they can explain them briefly. For example, they may write about advertising media but be unable to define the term 'media' when asked (see Question 4(a)(i)).

In addition to these general weaknesses, the following specific syllabus topics tended to produce weak answers and therefore need more attention from candidates in their preparation:

1. The reasons why the local council might oppose the development of the out-of-town shopping centre (Question 1(b)(ii)).
2. The explanation of how 'value is added' at each stage along the chain of production (Question 3(c)).
3. How consumers are protected from false and misleading advertising in newspapers and on television (Question 4(d)).
4. The way in which produce markets and commodity exchanges operate (Question 6(b)).
5. The 'electronic' market place, as contrasted with a physical environment (Question 6(c)).
6. The key features which distinguish the postal, telephone and fax services as methods of communication (Question 7(b)).
7. The distinction between the private and public sectors of the economy (Question 8(a)).
8. The reasons why some risks cannot be insured (Question 9(c)).

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

1. The information needed to calculate the net profit of a business (Question 2(b)).
2. The chain of production for a wooden chair (Question 3(b)).
3. The relative advantages and disadvantages of newspaper and television advertising (Questions 4(b) and Question 4(c)).
4. The main features of bank current accounts and deposit accounts (Question 5(a)).
5. The types of risk covered by house and contents insurance (Question 9(a)).

Question 1

A significant proportion of candidates were unclear about the meaning of 'shopping centre' and thought that it referred to a large single hypermarket or superstore. In part (a), weaker candidates often identified very general features such as self-service, provision of credit and after-sales service, which apply to many forms of retailing, rather than 'key features' relating to a centre, such as substantial free parking, a wide range of shops and special facilities such as children's play areas.

Candidates generally understood what was required of answers to part (b)(i), but many were unclear about the meaning and role of the 'local council' in part (b)(ii), and some thought that the council had built and owned the centre. There were some very good answers to part (c), focusing on disadvantages such as time, travel cost and access, and the need for car transport. However, common mistakes were to suggest that prices were higher and that no credit, advice, delivery or other after-sales services were available.

Question 2

Many candidates scored very good marks on this question, but some had a confused understanding of the relationship between sales, gross profit and net profit.

In part (a), some weaker candidates confused turnover with the rate of turnover and even net profit, while a more general error was to refer to sales as a 'quantity' rather than a 'value'.

However, there were many excellent answers to part (b) with a good number of candidates scoring 7 marks or the maximum 8. There was confusion in some candidates minds about the nature of a company in part (c), and some answers referred to partners and/or partnerships and the equal distribution of profits.

However, many answers did mention shareholders/dividends and the building of reserves, and sometimes even distinguished between preference and ordinary shareholders.

A common error was to state debenture interest as a part of profit distribution, whereas it is a cost in the calculation of the net profit. In part (d), the return on turnover of 7.5% was often calculated correctly, but some candidates missed the given net profit figure and used £925 000 (the cost of sales) instead or put the net profit as the divisor in the calculation.

Question 3

Giving the precise meaning of something is not always as easy as it sounds. Many candidates had difficulty in pin-pointing the key elements of a chain of production. A good answer would be: *"a series of stages through which products pass from the 'raw' stage to the finished product in the hands of the consumer"*.

Candidates tended to give brief answers, which failed to identify the key elements, or to write at length for only four marks, often repeating points in part (b). Most candidates understood that a wooden chair begins as timber in the forest and ends as a finished product on which the consumer sits, and the primary, manufacturing and trade stages were often given. However, there was a common failure to identify the ancillary commercial services which provide the links in the chain, for example transport between the stages and the provision of payment services by banks.

The concept of value-added was not well understood by a majority of candidates,

many of whom simply repeated the stages in the chain. Better answers did focus on the increasing price of the product as it passed along the chain, but this was often associated only with profits rather than the cost of other inputs, such as labour. The key to candidates' understanding of value-added is that a product gains in usefulness (or utility), which in turn gives it greater value, as it passes along the chain and that this is achieved, in case of a wooden chair, by inputs such as the work of lumberjacks, carpenters and retailers, which all have a cost.

Question 4

Candidates often had difficulty in defining 'media'. The key point is that the media are the channels or modes of communication by which the advertisers can reach consumers (or the general public). Once candidates had got past this barrier, answers generally improved up to part (d). In part (a)(ii), most answers identified two media other than newspapers and television, but examples such as stickers and leaflets were not regarded as media in themselves unless the channel for distribution was also identified, e.g. the postal service for leaflets.

In parts (b) and (c), candidates generally made some good points about the relative merits of newspapers and television **for advertising** (ie. not in general terms), but sweeping and unsupported statements, such as television or newspapers reaching a wider audience or covering the world, were not awarded marks. Answers generally went downhill in part (d) on the protection of consumers from false and misleading advertising. The question required candidates to explain **how** consumers are protected rather than what they are protected from, which was given in the question wording. References to Acts such as the Trade Descriptions and the Consumer Credit Acts and to organisations such the Advertising Standards Authority and the Independent Broadcasting Authority were needed to score marks, although one mark was given for reference to Acts or the law in general and to 'voluntary bodies'. A final point here is that candidates frequently missed the reference to advertising and wrote about other areas of protection (which scored no marks).

Question 5

Candidates generally understood the broad differences between bank current accounts and deposit accounts. The distinction between types of account has been blurred as banks have developed their services, for example low interest is paid on many current accounts, so answers were marked flexibly.

However, the association of loans (as opposed to overdrafts), credit cards, references, night safes and statements only with current accounts was not awarded marks. A further point is that candidates need to realise that repeating points simply in the negative does not gain a second mark, for example "*current accounts have cheque books, deposit accounts do not have cheque books*". Something additional needs to be given for the second mark, e.g. money cannot be transferred directly to others from deposit accounts, but has to be encashed first.

Part (b) asked candidates to explain how four current account services helped businesses to operate efficiently, so that pure descriptions of services could not gain full marks. For example, with standing orders candidates should have applied their knowledge by stating that they avoided the need for a business to have to remember to make regular, fixed monthly (or annual) payments for items such as rents or utility services and so reduced their workload. Points relating to services such as credit cards, travellers' cheques and

safekeeping were not awarded marks because these are not provided through current accounts as such.

Question 6

As expected, this question proved to be unpopular, even though it is within the syllabus content, and it was in general not answered well by those candidates who chose it. In part (a), commodity exchanges such as the Metal Exchange or the Baltic Exchange were sometimes given, but produce markets such as Billingsgate or Smithfield were rarely quoted.

In part (b), many candidates understood the role of brokers and to some extent the nature of auctions, but the meaning of 'grading' and especially 'futures' generally eluded them.

The syllabus content requires candidates to be up-to-date with trends in commercial activity, but many were unable to explain clearly the nature of electronic trading. Markets increasingly operate in this way instead of from 'floors' or other locations where buyers and sellers physically meet, and candidates need to be aware of this. With the widespread use of computers and the internet, the term e-commerce is coming increasingly into use.

Question 7

Although part (a) was a straightforward question, many candidates struggled to obtain even two marks out of the six available. This appears to have resulted from candidates knowing the advantages/disadvantages of the three communication services, but not being able to identify the fundamental differences between each, ie. that the post provides for the physical delivery of letters and packages, that the telephone allows oral communication via cable or radio-wave transmission and that the fax allows the transmission of exact copies of documents using the telephone links and a fax machine.

Too often, candidates encroached on part (b) by explaining the advantages and disadvantages. Part (b) was better answered, although many candidates missed the reference to only one advantage over the other two services in each of parts (i), (ii) and (iii).

However, answers were marked on the generous side by allowing up to two marks out of three for each, where an advantage related only to one of the other two services. For example, the post can deliver documents which the telephone cannot but which the fax can. Reference to 'originals' or bulk quantities of documents would also exclude the use of the fax, for the second and third marks.

In part (c), candidates were expected to be reasonably up-to-date with communication trends, and there were many good explanations for the popularity of e-mails. However, many answers mainly described how e-mail works rather than focusing on why it has become so popular.

Question 8

This question was much more popular than Question 6, but a little less popular than the other seven questions. The reason is perhaps that candidates find the syllabus content area rather 'dry' and often fail to clarify in their minds what is 'private' and what is 'public'. In part (a), candidates generally identified one or two differences between the private and public sectors, but weaker candidates thought, as usual, that the distinction was between private

and public companies, for which there were no marks. This confusion was then carried forward into answers to parts (b) and (c).

A further point is that the question asked for named examples of private and public sector bodies, for example BP and the Post Office, whereas some candidates referred to general examples such as sole proprietors and companies.

A further problem was that candidates simply repeated 'government' or 'state' regarding the ownership, control, funding and profit use for the public sector bodies and gained only one mark. More specific references to Ministers, the Treasury and the taxpayer were required for more marks.

There were some good answers to part (b), which identified key points such as essential services, merit goods and duplication, with appropriate examples. As the question did not refer specifically to the UK, answers were marked as correct in part (b), and also in part (a), where some services are still in the public sector in other countries but not in the UK, for example electricity generation/distribution. Allowance was also made for changes in the UK, for example the return of the rail network (not the train services) to the public sector.

There were also some very good answers to part (c), with candidates clearly understanding the arguments in favour of private sector control, such as profit-driven efficiency and quality, adaptability to market demand and the reduction of losses falling on the taxpayers.

Question 9

Candidates were generally aware, in part (a) answers, of the risks which might cause losses regarding houses and their contents, but a small minority of candidates wrote irrelevantly about risks such as motor vehicle accidents or death or risks relating to businesses, or they referred to items affected rather than the risks themselves.

Candidates in general need to be much clearer about the distinction between the risk and the loss arising from the risk which is covered by insurance. Part (b) asked for one way in which house/contents insurance could be obtained. Possible answers were direct to an insurance company, via a broker or through a bank, using a personal visit, telephone, post or internet. The question did not require procedures relating to all ways of taking out insurance, ie. filling in a proposal form, paying a premium. Also, some weaker candidates thought that taking out insurance was about claiming from insurance companies.

Many candidates were able to give one non-insurable risk in part (c), but could not always explain why it was not insurable or relate the correct reason to the risk chosen. For example, damage by earthquake or flood may not be insurable for some properties, not because the chances of loss cannot be assessed, but because the risk is too high in some locations.

There was also confusion in some candidates minds between obtaining insurance cover (the question) and making a claim. References, for example, to not having given correct information or to proximate cause were not therefore given marks. Part (d) opened up the question to any type of insurance other than house/contents, but some candidates still chose some types of cover which **are** included under house/contents, for example storm damage, rather than a type which is clearly separate, for example car or travel insurance.

COMMERCE 7100, GRADE BOUNDARIES

Grade	A	B	C	D	E
Lowest mark for award of grade	58	47	36	32	26

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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